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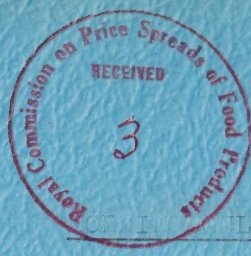
Canada. Royal commission on price
spreads of food products.

1959

Hearings, v. 19-21, 1958



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(FRENCH)

ROYAL COMMISSION

ON

**PRICE SPREADS
OF FOOD PRODUCTS**

HEARINGS

HELD AT

QUEBEC

P. Q.

VOLUME No.: **DATE:**

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LA COMMISSION ROYALE D'ENQUETE
SUR L'ECART DES PRIX DES DENREES ALIMENTAIRES

Compte rendu des séances de la
Commission Royale d'Enquête sur
l'écart des prix des denrées ali-
mentaires tenues à QUEBEC, P.Q.,
mardi 14 octobre 1958, à 10.00 a.m.

- - - - -

PRESIDENT:

M. ANDREW STEWART

COMMISSAIRES:

Mme Dorothy Walton
M. Howard MacKichan
M. Roméo Martin
M. W.M.Drummord
M. Cleve Kidd
M. Bernard Couvrette

Sectéraire

M. John A. Dawson

Secrétaire adjoint

M. A.A. Caron

- - - - -



LE PRESIDENT: Son Honneur monsieur le
Maire Hamel, Mesdames et Messieurs:

Les membres de la Commission Royale
d'Enquête sur l'écart des prix des denrées ali-
mentaires sont heureux d'ouvrir leurs audiences
dans la province de Québec et dans la vieille cité
de Champlain.

La Commission compte deux distingués
représentants de la province de Québec, MM.
Bernard Couvrette et Roméo Martin.

Les audiences à Québec seront tenues en
français, et je demanderais donc à M. Couvrette
de diriger les séances ici.

M. LE COMMISSAIRE COUVRETTE: Merci,
monsieur le président. Mesdames et messieurs,
les membres de la Commission m'ont prié de vous
exprimer leurs regrets du fait qu'ils ne parlent
pas et ne comprenaient pas très bien le français.
Je m'en acquitte à leur demande, mais vous aurez
remarqué vous-mêmes que M. le président parle très
bien le français. Ils m'ont dit de vous informer
qu'ils ne seraient pas en mesure de vous poser des
questions, mais ne soyez pas trop sûrs de cela,
parce qu'ils comprennent très bien le français
également, et vous pourriez être surpris des ques-
tions qu'ils pourraient vous poser.

Je remercie monsieur le président de
sa délicatesse à mon égard en me demandant de
présider la séance de ce matin. Après avoir dé-
claré cette séance ouverte, je demanderais main-
tenant à M. Antoine Caron de bien vouloir lire
le décret du Conseil référant au mandat de cette
Commission.



M. ANTOINE CARON:

" Décret du Conseil créant la Commission
Royale d'Enquête dans les écarts de prix
CP 1957 - 1632

Copie certifiée conforme d'un procès-verbal
d'une réunion du comité du Conseil privé, approuvée
par Son Excellence le gouverneur général le 10
décembre 1957.

Le comité du Conseil privé, à la recom-
mandation du très honorable John George Diefenbaker,
premier ministre, recommande que:

M. Andrew Stewart, Edmonton, Alberta
Mme Dorothy Walton, Toronto, Ontario
M. Howard MacKichan, Halifax, Nouvelle-Ecosse
M. Roméo Martin, Montréal, Québec
M. W.M. Drummond, Guelph, Ontario
M. Bernard Couvrette, Montréal, Québec

soient nommés commissaires sous le régime de la
Partie I de la loi sur les enquêtes, afin de:

- (a) Enquêter sur la mesure et les causes de
l'écart qui existe entre les prix touchés
par les producteurs de denrées alimentai-
res de l'agriculture et des pêches, et
les prix payés par les consommateurs de
ces denrées;
- (b) Déterminer si ces écarts de prix, en
général et dans certains cas particuliers,
sont justes et raisonnables ou s'ils
sont trop élevés par rapport aux ser-
vices rendus;
- (c) Formuler les vœux qu'ils jugeront utiles
s'ils constatent que certains de ces
écarts de prix sont trop prononcés; et
- (d) Déterminer si les renseignements dont on
dispose actuellement sur les prix sont
suffisants.

Le comité recommande en outre:

1. Que les commissaires soient autorisés à exercer



tous les pouvoirs énumérés à l'article 11 de la loi sur les enquêtes;

2. Que, dans l'exercice des pouvoirs qui leur sont accordés d'employer des conseillers, des spécialistes et des aides, sous le régime de l'article 11 de la loi sur les enquêtes, les commissaires puissent autoriser la rémunération de ces personnes et le remboursement de leurs dépenses dans les limites et aux conditions que le Conseil du Trésor pourra déterminer à l'occasion;

3. Que les commissaires adoptent la procédure et les méthodes qu'ils pourront à l'occasion juger opportunes pour mener à bien leur enquête et qu'ils siègent aux moments et aux endroits, au Canada, qu'ils pourront fixer à l'occasion.

4. Que les commissaires soient aidés dans la pleine mesure possible par les ministères et organismes du gouvernement;

5. Que les commissaires fassent rapport au gouverneur en conseil;

6. Que M. Andrew Stewart exerce les fonctions de président de la commission.

Le greffier du Conseil privé,

R.B. BRYCE

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M. LE COMMISSAIRE COUVRETTE: Merci, monsieur Caron.

Nous allons maintenant entendre les mémoires et le premier que nous entendrons sera celui de l'Association des Marchands Détaillants du district de Québec.



MEMOIRE DE
L'ASSOCIATION DES MARCHANDS DETAILLANTS
DU DISTRICT DE QUEBEC

COMPARUTIONS:

M. Rosaire Drolet - Président
M. Paul Bardou - Conseiller technique
M. Alfred Lévesque - Secrétaire-général

- - - - -

M. LEVESQUE: Monsieur le président, avant de commencer la lecture de notre mémoire, permettez-moi de vous présenter M. Paul Bardou, Rosaire Drolet, Maurice Amyot, Raymond Lafleur et Roméo Langlois.

Au début de ce mémoire permettez-nous, monsieur le président, de féliciter le comité du Conseil Privé d'avoir créé la Commission Royale d'Enquête sur les écarts de prix des denrées alimentaires.

Ce geste permettra au Gouvernement de se rendre compte de ce qui existe exactement entre les producteurs de denrées alimentaires de l'agriculture et des pêches et les prix payés par les consommateurs pour ces denrées.

Nous sommes sûrs que vos recommandations pourront déterminer que s'il y a des écarts de prix, dans quelle mesure ces derniers sont préjudiciables au consommateur.

Nous voulons aussi féliciter le Gouvernement du choix judicieux des commissaires bien que nous explorions que le marchand détaillant, c'est-à-dire en l'occurrence, l'épicier ne soit pas représenté par un des siens sur cette commission; et ceci, malgré



certaines pressions que notre Association Nationale a faites auprès du Conseil Privé.

Ceci n'enlève rien toutefois, soyez-en assuré, monsieur le président, à la compétence de votre Commission et celle de vos membres; elle aurait été tout simplement plus complète, à notre point de vue.

Nous félicitons aussi Votre Commission de respecter le caractère bilingue de notre pays, puisque nous pouvons aujourd'hui présenter notre mémoire dans notre langue et il est de notre devoir, croyons-nous à ce stade-ci, de vous remercier aussi pour avoir bien voulu vous rendre dans notre ville et nous permettre d'exposer la situation métropolitaine de notre région.

Mr. Chairman, in presenting this brief, may I be permitted to convey to the committee of the Privy Council our sincere congratulations for instituting a Royal Commission of Inquiry on Food Prices.

Through this Commission, our federal government will get a first hand account of the situation of food producers, whether farmers or fishermen, and also an accurate picture of the prices paid by the consumers for these products.

We feel confident that your findings will establish the actual price variations and you will also evaluate if they are detrimental to the consumers.

We also want to congratulate the federal authorities for the wise selection of the members of your Commission. On this score, we cannot but



deplore the absence of a Retailer on your Commission and we regret that the Privy Council chose to ignore the pressing demands of our national association.

Of course, this remark has no reflection, Mr. Chairman, on the qualifications and competence of your Commission and of every one of its members. In our humble opinion, the presence of a Grocer on your Commission would have added to its scope.

We are also gratified to see the bilingual status of Canada acknowledged by the fact that your Commission is hearing our brief in the French language. Your coming to our city to hear the point of view of the Quebec region is also most commendable and we wish to thank you for it.

Il me fait plaisir de vous présenter, monsieur le président et messieurs les commissaires, avant d'attaquer la lecture de notre mémoire proprement dit, la liste des personnes présentes et qui se feront un plaisir de répondre à toutes vos questions afin d'éclairer comme il se doit votre Commission sur le problème pour lequel la Commission Royale d'Enquête sur l'écart des prix a été créée.

A ma gauche, vous avez M. Paul Bardou, vice-président national de l'Association des Marchands détaillants du Canada, Inc.; ex-président de l'Association des Détaillants en Alimentation du Québec; Conseiller technique de l'Association des Marchands Détaillants du district de Québec, section des Produits alimentaires; président de la Société provinciale des Epiciers, Inc.

M. Rosaire Drolet, président de l'Association des Marchands Détaillants du district de Québec,



section des Produits Alimentaires.

MM. Paul-Emile Coulombe, Roméo Langlois et Raymond Lafleur, tous directeurs de la section des Produits Alimentaires de l'Association des Marchands Détaillants du district de Québec.

M. Maurice Amyot, directeur-gérant de la Société Provinciale des Epiciers Inc.

Monsieur le président, nous avons dû procéder très rapidement, étant donné le temps très court que nous avons à notre disposition, à la préparation de notre mémoire. Nous devions présenter un mémoire provincial de l'Association des Marchands Détaillants, et c'est M. Majeau qui doit en faire la présentation. Toutefois, étant donné que votre Commission venait à Québec, votre secrétaire adjoint a demandé que notre Association fasse connaître les problèmes de la région de Québec, et c'est pourquoi nous sommes ici, à la suggestion de votre secrétaire adjoint.

Nous croyons utile de vous dire, au début de ce mémoire, quelques mots sur l'Association que nous représentons.

L'Association des Marchands Détaillants du district de Québec a été fondée le 7 novembre 1896 et incorporée le 4 mai 1910. Ses nombreuses années d'existence, jusqu'à aujourd'hui prouvent plus que toute autre chose les services qu'elle a pu rendre aux détaillants de notre district. Notre association locale ne groupe pas seulement les épiciers et les bouchers, mais elle groupe aussi d'autres commerces et tous ces commerces ont leur section distincte.



Il y a la section AUTO-VOITURE, la section de CHAUSSURES, la section du COMBUSTIBLE, la section de la FOURRURE, la section du MEUBLE ET APPAREILS, ACCESSOIRES ELECTRIQUES, la section de la NOUVEAUTE, la section DES PRODUITS ALIMENTAIRES, la section de la QUINCAILLERIE, la section des STATIONS DE SERVICE et une SECTION GENERALE.

La section que vous avez devant vous, aujourd'hui, monsieur le président et messieurs les commissaires, est la section des PRODUITS ALIMENTAIRES qui groupe à elle seule au delà de 200 membres.

Le but de notre Association est l'étude, la défense et le développement des intérêts économiques, sociaux et moraux de nos membres. Nous atteignons ce but en formant de meilleurs détaillants et nous arrivons ainsi à sauvegarder les intérêts du consommateur.

Notre travail consiste en la formation de comités d'étude sur les problèmes spécifiques du commerce. Nous mettons à la disposition de nos membres des services techniques qui leur permettent d'améliorer continuellement leur commerce et de suivre ainsi l'évolution dans ce domaine. Et par notre service de relations extérieures nous sommes en mesure de défendre les intérêts de nos membres en tout lieu.

Notre Association collabore étroitement avec la Chambre de Commerce locale et avec l'Association des Manufacturiers Canadiens, section de Québec, pour tous les problèmes municipaux qui regardent le monde des affaires dans notre district. De plus,



nous sommes affiliés avec l'Association des Détaillants en Alimentation du Québec (groupement provincial) à la Fédération des Détaillants et des Services du Québec, avec la Canadian Retail Federation et l'Association des Marchands Détaillants du Canada, Inc.

COMMERCE DE L'ALIMENTATION

Le Commerce, tout comme l'industrie, est né dans une civilisation continuellement en évolution. C'est pourquoi ceux qui ont voulu rester en affaires ont dû s'améliorer et se tenir au courant de toutes les méthodes modernes et parfois très audacieuses, en plus d'être très dispendieuses, et cela toujours en vue de mieux servir la communauté.

L'évolution et la modernisation des épiceries-boucheries, dans notre localité, ont suivi cette évolution répandue de par le monde et ils utilisent aujourd'hui tous les moyens pour mettre sur le marché des vivres, des services que le consommateur apprécie puisqu'il a augmenté son pouvoir d'achat dans les produits alimentaires.

S'il y a eu cette évolution et cette modernisation dans le secteur du commerce qui nous intéresse c'est que l'Etat a respecté le principe que le commerce doit être entièrement libre tout en se réservant le droit de prélever le paiement de licence, de taxe et d'impôt et en faisant des règlements et des lois spécifiques dans le but de protéger le consommateur dans une certaine mesure.

Le commerce de l'alimentation qui est le plus essentiel, à notre point de vue, à la vie



communautaire est peut-être un de ceux qui a le plus évolué depuis le 18^e siècle si l'on considère qu'autrefois un épicier ne vendait que des épices, du sucre, du café et des substances médicales.

Aujourd'hui, le marchand met à la disposition du consommateur toutes sortes de produits alimentaires, poisson, viande crue, en conserve ou congelée, fumée ou cuite, et toute une gamme de fruits et légumes frais que l'on ne pouvait manger, il y a 50 ans à peine, parce qu'on ne les connaissait pas.

Naturellement, le commerce de l'alimentation, avec cette évolution, s'est créé toute une structure au cours des 25 dernières années. Il y a eu tout d'abord des entreprises indépendantes et qui sont encore les plus nombreuses, sont apparues; ensuite des entreprises colossales à succursales multiples que nous appelons communément chaînes de magasins. Il y a aussi aujourd'hui des consommateurs qui se groupent dans des coopératives de consommation pour réagir contre l'augmentation de la puissance des intermédiaires.

Dans notre localité, nous devons vous faire part que les épiciers-bouchers indépendants, ont décidé aussi de se grouper, de former des coopératives d'achat, de distribution et de publicité pour lutter contre une centralisation qui aurait pu devenir excessive.

L'équilibre peut paraître encore instable, il est tout de même de nature à protéger l'intérêt du consommateur et la petite entreprise, et c'est pour continuer ce travail d'équilibre que notre Association nationale a demandé au gouvernement



fédéral un prêt pour le commerce.

Nous regrettons que vous ne puissiez pas avoir le temps de visiter nos magasins, en particulier les épiceries et boucheries pour constater la transformation générale dans ce domaine du commerce, car vous verriez là que la majorité des établissements sont modernes, améliorés, bien aménagés et où l'on y respire la propreté.

SITUATION DU MARCHÉ

Pour connaître ce qu'est le marché de Québec, nous vous référons ici aux articles qui ont paru dans l'*Épicier*, revue alimentaire, dans le mois de novembre 1957, aux pages 28 et 32, pages que nous avons fait photographier à votre intention et qui apparaissent à la fin de ce mémoire.

Vous verrez par les chiffres qui sont là que l'épicier-boucher indépendant dans notre district est en mesure de servir le public consommateur comme nulle part ailleurs. Ces articles ont été écrits par M. Gérard Bélair, économiste, après une enquête approfondie dans notre région.

Les tableaux que vous verrez là vous donnent le marché général. Cette enquête a été faite en 1957. Dans le tableau no 1, vous verrez la productivité des magasins alimentaires de Québec.

M. LE COMMISSAIRE COUVRETTE: Me permettez-vous de vous interrompre, M. Lévesque? Vous référez maintenant aux dernières pages du mémoire, les pages photostatées, en provenance de la revue l'*Épicier*?



M. LEVESQUE: Oui. Vous verrez par ces pages les produits qui sont vendus à Québec et vous pourrez également constater le pourcentage des ventes de chacun de ces différents produits. Je ne crois pas qu'il soit nécessaire de lire tous ces tableaux. Je pense bien que lorsque vous en viendrez aux conclusions de votre enquête, vous pourrez voir exactement ce qui existe.

M. LE COMMISSAIRE COUVRETTE: Cela nous sera utile comme référence à ce moment-là. Cependant, comme nous n'avons reçu votre mémoire qu'à onze heures hier soir, vous devez comprendre que nous ne sommes pas très, très bien renseignés ce matin.

M. LEVESQUE: Si vous voulez que je les lise, je n'ai pas d'objection.

M. LE COMMISSAIRE COUVRETTE: Non, vous pouvez continuer.

La situation aujourd'hui est pratiquement la même, sauf que le volume d'affaires n'a cessé d'augmenter avec la population, si l'on estime que les épiciers et bouchers de la région font un chiffre d'affaires de 44 millions, dont 30 millions vont aux épiciers indépendants. Ces chiffres sont approximatifs et variables d'une année à l'autre, mais ils démontrent l'importance de ce commerce à Québec.

Vous avez ensuite le nombre d'employeurs et d'employés, hommes et femmes, chez les bouchers et chez les épiciers.

NOMBRE D'EMPLOYEURS ET D'EMPLOYES

Pour faire ce chiffre d'affaires, 44 millions, il y a 795 employeurs et 2,342 employés répartis comme suit:



<u>NOMBRE D'EMPLOYEURS</u>	<u>Zone I</u> (Québec et environs)	<u>Zone II</u> (Lévis-Lauzon)	<u>TOTAL</u> (deux zones)
Epiciers-Bouchers	158	23	181
Epiciers	229	23	252
Bouchers	82	4	86
Bouchers-Fruitiers	4	0	4
Epiciers-Fruitiers	3	0	3
Fruitiers	2	0	2
Thé-Café	1	0	1
BISCUITERIES	<u>3</u>	<u>0</u>	<u>3</u>
	482	50	532

Grand total 532

Artisans	238	25	263
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NOMBRE D'EMPLOYES:

Z O N E I

Bouchers:

Hommes - Femmes

620 43

Epiciers et Autres:

Hommes - Femmes

748 214

Caissières 120

Emballeuses 39

Messagers 405

Total 2189

Z O N E II

Bouchers:

Hommes - Femmes

47 4

Epiciers et Autres:

Hommes - Femmes

46 37

Messagers 19

Total 153

TOTAL des deux zones - 2,342



S A L A I R E S

Il se paie aujourd'hui en salaire près de 4 millions par année et la moyenne hebdomadaire des salaires était en 1946 de \$23.01, en 1952 de \$37.45 et en 1958 de \$47.40 pour les employés réguliers masculins et féminins.

Si l'on tient compte que la moyenne du salaire hebdomadaire dans le commerce de détail au Canada était au 1er mai 1958 de \$44.78 et que chez les épiciers-bouchers à la même date elle était de \$43.63, nous pouvons affirmer que nos employés sont au dessus de la moyenne canadienne, et ceci grâce à un syndicat agressif et en une convention collective de travail.

MOYENNE - SALAIRE HEBDOMADAIRE

- A -

601	commis-bouchers masculins	\$53.00
576	commis-épiciers masculins	\$43.73
127	commis-épiciers - féminins	\$33.28
1204	moyenne générale (3 groupes)	\$47.40

- B -

120	caissières-téléphonistes	\$37.00
39	emballeuses - empaqueteuses	\$40.50

Les salaires dans notre région sont fixés, naturellement, par un décret-loi relatif au commerce de l'alimentation au détail dans la région de Québec et pour fins d'application la juridiction territoriale est divisée en deux zones comme suit:

Z O N E I - les cités de Québec, Sillery, Ste-Foy et Giffard, les villes de Québec-Ouest, Beauport et



Charlesbourg, la municipalité de Charlesbourg-Ouest et la paroisse Ste-Monique des Saules. La Zone II comprend les cités de Lévis et Lauzon.

En établissant la moyenne de revenu annuel des patrons épiciers à \$3,500.00 le pouvoir d'achat de cette catégorie de travailleurs serait de l'ordre de 7 millions de dollars.

HEURES DE TRAVAIL

Quant à la durée du travail, elle est de 48 heures par semaine dans tous les établissements assujettis au décret-loi du commerce de l'alimentation. Ces 48 heures sont réparties comme suit: le lundi de 1.00 hre p.m. à 6 hres p.m.; les mardi, mercredi et jeudi, de 8.00 hres a.m. à 6.00 hres p.m.; le vendredi de 8.00 hres a.m. à 9 hres p.m. et le samedi de 8.00 hres a.m. à 5 hres p.m. En dehors des heures mentionnées ci-haut et durant les jours de fêtes chômées, un salarié ne peut travailler à la vente des produits alimentaires au comptoir ou par téléphone ou livraison, et un employeur ou un employeur professionnel ne peut faire travailler un salarié à la vente des produits alimentaires au comptoir ou par téléphone ou livraison.

Tout travail exécuté les jours de fêtes chômées ou en plus de 48 heures, par semaine, ou en dehors des heures régulières doit être rémunéré au taux double calculé sur le taux du décret pour la semaine normale de travail ou sur celui du salaire payé si ce dernier est supérieur.

Le salarié dans l'alimentation bénéficie



aussi durant l'année de 11 jours chômés et payés et d'une semaine de vacance après un an de service et deux semaines après cinq ans.

Il y a 25 ans, un employé pouvait gagner \$18.00 par semaine pour 90 heures d'ouvrage. Les employés, de plus, travaillaient de 7 heures du matin à 11 heures du soir, quatre soirs par semaine. Ils ne bénéficiaient d'aucune fête chômée et n'avaient pas de vacance. Avec les conditions de travail existantes de nos jours, l'épicier et le commis sont devenus des collets blancs.

HAUSSE DES PRIX

En effet, non seulement dans le commerce de l'alimentation on n'ouvre plus les portes à 7 heures du matin, mais aujourd'hui toute la marchandise est pesée, emballée et emballée dans le cellophane, le polytène, des boîtes de carton ou de métal.

On ne mesure plus un gallon d'huile de charbon pour mesurer ensuite un pot de sirop ou une pinte de vinaigre, et on ne transporte rarement des sacs de farine de 100 livres ou de sucre ou de sel, et des poches de patates ou de légumes d'un minot et demi. Car, aujourd'hui la farine, le sucre, le gruau se vendent en sacs ou en boîtes de 2, 5, 7 ou 10 livres, et le sirop en bocal d'une pinte, le vinaigre dans des cruches d'une pinte ou d'un gallon, bien fermées, et les légumes sont emballés en petits sacs.

Il ne se fait pas non plus, dû au mode de vie actuelle, dans de petits logements, des provisions d'un cent de sucre ou cassonade, d'un seau de graisse, etc. Tous ces changements de mode de vie ont amené aussi chez l'épicier une multitude d'articles nouveaux



qui n'existaient pas il y a 20 ans à peine. Ils ne vendaient pas de nourriture pour les bébés autrefois, et beaucoup moins de viande, de fruits et légumes en conserve, de sortes de fromage, de fruits et légumes frais. Il n'était pas question de crème glacée, de liqueurs de toutes sortes, de jus de fruit, de bananes et de tomates à l'année longue.

Tous ces produits vendus par l'épicier ont amené une concurrence très forte dans le commerce de l'alimentation au détail et les emballages en petite quantité ont eu comme conséquence une hausse de prix. Dans notre région, la concurrence sur les salaires, heures de travail, est réglée par un décret-loi, mais la concurrence sur les services, la qualité de la marchandise et les prix reste très vive. Les salaires augmentent continuellement et la main d'oeuvre qualifiée devient de plus en plus rare, dû aux heures de travail, car l'industrie est aujourd'hui à 40 heures, même si les salaires sont sensiblement égaux à cette dernière.

Il n'est plus question, aujourd'hui, de faire 100% ou 100% de profit sur un article dans une épicerie; la marge qui était de 20% - 25% n'est plus que de 12% à 15% brut. Ce qui veut dire qu'il faut travailler sur le volume des ventes pour maintenir des profits raisonnables, sans augmenter démesurément les frais d'administration.

C'est pourquoi notre Association, afin d'améliorer les méthodes d'achat et de vente^{et}/de connaissance dans le commerce de détail, organise des cours pour les épiciers et les commis chaque



année, non seulement sur la technique de la vente mais sur la préparation et l'exposition des fruits et légumes frais et de la viande et sur le merchandising en général.

Aujourd'hui, avant d'ouvrir une épicerie-boucherie, le propriétaire non seulement doit être qualifié, mais il doit aussi dépenser plusieurs milliers de dollars pour l'aménager et la doter d'un système de réfrigération adéquat, il doit se munir de licences, payer une taxe d'affaires municipale qui représente 18% du loyer, payer une licence de bière de \$25.00 à la province, plus une taxe spéciale sur la vente de la bière.

De plus, la ville exige une taxe personnelle de \$75.00 des épiciers licenciés. Il se doit de tenir une comptabilité à jour, car il reçoit continuellement la visite de nombreux inspecteurs fédéraux, provinciaux et municipaux pour la viande, soucisse, beurre et oeufs; des poids et mesures, de tous les produits périssables que l'on place dans un réfrigérateur, inspecteurs pour la taxe de vente, etc. Il doit également tenir compte de la fixation des prix de soutien pour certaines denrées, des salaires fixés par décret, de sa contribution au Comité Paritaire, à l'assurance-chômage, à celle des accidents de travail et prélever l'impôt sur le revenu pour ses employés, ce qui complique énormément le commerce qu'il exerce.

C'est pour toutes ces raisons que l'épicier a abandonné les sentiers battus et a mis son individualisme de côté pour se grouper, avec ses confrères,



et augmenter son pouvoir d'achat en vue d'obtenir une plus grande variété de produits à meilleur compte et donner plus d'expansion à son commerce par une publicité appropriée, tout en modernisant son établissement et en améliorant ses méthodes de vente.

La concurrence que subit l'indépendant de la part des magasins à succursales multiples, l'oblige à faire une publicité qui peut paraître exagérée, mais elle est faite de nature à mousser les ventes de divers produits, et oblige aussi l'indépendant à donner des produits de meilleure qualité pour conserver sa popularité.

Le service de téléphone et de livraison est excessivement dispendieux pour l'indépendant, mais il se doit pour lutter contre le magasin à chaînes de le maintenir, de même est-il forcé de supporter des comptes de crédit assez élevés lorsque vient une dépression économique quelconque dans la région.

En effet, plusieurs familles ne pourraient certes manger trois repas par jour si l'épicier indépendant ne leur faisait confiance dans les moments difficiles.

Toutes ces considérations ont naturellement une répercussion sur le prix de la marchandise. Il y a 25 ans, une livre de beurre se vendait 25 sous, aujourd'hui avec le soutien des prix du gouvernement fédéral, il se vend 65 sous et plus. Le pain qui se vendait 11 sous est rendu à 25 sous; le lait qui était à 12 sous on ne peut en avoir une pinte en bas de 22 sous, ceci dû à la hausse continuelle de salaires dans les boulangeries et laiteries, et aux frais



d'administration plus élevés.

On ne peut passer sous silence, non plus, l'augmentation du boeuf et du porc, et ceci dû aux exportations continuelles aux Etats-Unis, l'offre et la demande jouent énormément dans ce secteur de denrées alimentaires.

Dans les fruits et légumes frais, avec les exigences de la ménagère, l'épicier se doit de faire une classification de ses légumes et fruits avant de les exposer dans des frigidaires excessivement dispendieux, et malgré tout il doit subir parfois des pertes assez considérables, étant donné que ces denrées alimentaires sont excessivement périssables et difficiles à manier.

L'importation des fruits et légumes frais a haussé continuellement dû à leur emballage, à leur classification et à leur transport. Les primeurs, dans ces denrées alimentaires, sont toujours très dispendieuses, mais malgré tout elles sont réclamées de la clientèle et l'épicier se doit d'en avoir, même parfois à des prix prohibitifs, car son concurrent, le magasin à chaînes, peut, par son pouvoir d'achat en obtenir en grande quantité.

Les primeurs sur le marché local ont pour résultat d'avilir les prix lorsqu'arrive la récolte de nos producteurs.

Un autre facteur important, à notre point de vue, qui a pour résultat de hausser les prix de la marchandise et de diminuer la qualité, c'est les primes, coupons et timbres, qui sont distribués soit par les fabricants ou les détaillants eux-mêmes.



Ceci devrait être aboli, pour favoriser une concurrence plus saine dans le commerce des vivres.

Les emballages des fruits et légumes frais sont devenus, à notre point de vue, trop luxueux et ils ont comme résultat de diminuer la qualité de la marchandise et en augmenter le prix.

C O N C L U S I O N

En conclusion, monsieur le président et Messieurs les commissaires, nous croyons que l'épicier indépendant joue un rôle essentiel dans sa localité, tant au point de vue de services qu'au point de vue social.

Si l'on compare le plus grand nombre d'unités à manipuler, à comparer avec celles des autres genres de commerce, les bénéfices bruts des épiciers indépendants sont bien faibles.

La modernisation à outrance que l'épicier indépendant est obligé de faire pour concurrencer avec les magasins à succursales multiples, le force à investir beaucoup de capitaux et il diminue de ce fait ses bénéfices nets.

Pour rester en affaires, l'épicier indépendant se doit de suivre les mêmes prix que ces concurrents qui ont un pouvoir d'achat beaucoup plus élevé et ce n'est que par le service et la qualité qu'il survit.

Nous croyons que dans l'intérêt du consommateur, il faudrait une révision complète de la Loi des Standards pour qu'on exige plus de qualité, une meilleure classification des produits agricoles et



un meilleur estampillage dans la qualité de la viande.

En terminant, nous croyons que le gouvernement a intérêt à aider l'épicier-boucher indépendant à survivre s'il ne veut pas qu'un jour le consommateur soit à la merci des grandes entreprises.

Il devra donc prendre les mesures nécessaires, soit par des lois ou aides financières, pour éviter qu'il y ait une concurrence ruineuse dans le commerce de l'alimentation et cela, à tous les paliers.

Monsieur le président et messieurs les commissaires, nous vous remercions de votre attention et nous sommes à votre disposition pour tous autres renseignements supplémentaires.

--- EXHIBIT 58: Mémoire de l'Association des Marchands Détaillants du district de Québec.

M. LE COMMISSAIRE COUVRETTE: Nous vous remercions d'avoir lu ce mémoire, monsieur Lévesque, et cela a sûrement été une belle étude du commerce au niveau de l'épicier indépendant dans la région de Québec.

Je voudrais tout particulièrement appeler votre attention sur ce graphique que vous voyez là. Vous avez entendu tout à l'heure, au cours de la lecture du mandat confié à la Commission par M. Caron, l'explication de ce graphique. Vous constatez que la ligne rouge qui indique les prix payés au producteur primaire ou "fermier" suit assez bien la ligne noire qui est le prix payé par le consommateur pour les années 1948 à 1951, et puis soudainement, à partir de 1951, les deux lignes se séparent consi-



dérablement, et il est même plus étrange de constater que les prix payés aux "fermiers" sont même plus bas qu'en 1948, alors que les prix payés par le consommateur sont plus élevés. Cet écart constitue le problème que nous avons à étudier et notre mandat, vous pourriez le situer entre ces deux lignes. Je désire appeler votre attention sur ce fait, parce que je crois que vous avez mentionné dans votre mémoire que nous étudions les prix des produits alimentaires, ce qui n'est pas tout à fait exact, car c'est l'écart entre les prix payés au producteurs primaires et ceux payés par les consommateurs dans les produits alimentaires qui fait l'objet de notre étude.

Alors, il est peut-être assez difficile, parfois, de dissocier de ce problème celui du coût de la vie, mais qui relève du prix éventuel payé en définitive par le consommateur, ainsi que celui du producteur primaire dont le prix est parfois inférieur à ses besoins, mais à tout événement, nous devons nous conformer au mandat qui nous a été confié, et c'est dans cet esprit que nous nous proposons de vous poser quelques questions en marge du mémoire que vous venez de lire. M. Martin et moi-même vous questionnerons tout d'abord en français.

Vous mentionnez à la page 4 de votre mémoire, au deuxième paragraphe, une phrase indiquant le but que vous poursuivez au moyen de votre organisation, qui serait entre autres, et principalement peut-être, celui de "lutter contre une centralisation qui aurait pu devenir excessive". Consentiriez-vous à élaborer un peu là-dessus?



M. BARDOU: L'épiciier a été obligé de songer, n'est-ce pas, à trouver un moyen d'offrir des prix aussi avantageux que ceux de ses concurrents, et il a formé ce groupe d'achat, pour centraliser les achats d'un certain groupe d'épiciiers ensemble, afin d'acheter directement du manufacturier, afin d'avoir un prix coûtant se rapprochant de plus près possible de celui des grandes organisations qui ont un pouvoir d'achat considérable. On l'a obtenu dans des proportions assez près, je ne dirais pas cent pour cent (100%), mais assez près, et maintenant après avoir à peu près réglé ce problème, nous avons l'autre problème à régler, c'était de se grouper ensemble pour faire la vente et la publicité en groupes. L'annonce coûte terriblement cher, et un groupe d'épiciiers se groupant ensemble font de la publicité en commun et vendent aux mêmes prix afin d'arriver à concurrencer les grandes organisation, et nous avons réussi à mettre un certain frein à l'expansion des grands magasins dans le district de Québec, grâce à ces deux méthodes.

M. LE COMMISSAIRE COUVRETTE: Je vous remercie des explications que vous avez données quant aux moyens que vous avez pris, mais je me demande si vous pourriez nous éclairer sur votre opinion quant à l'excès que pourrait prendre la centralisation? C'est là la nature de ma question.

M. BARDOU: Monsieur le président, je ne sais pas ce que vous voulez dire.

Voici, dans un autre domaine, ce que nous



avons fait. Il y a quelques années, dans un mémoire que notre Association a présenté au gouvernement sur les grands magasins, nous avons démontré qu'ils étaient au nombre de dix-huit (18) dans la province de Québec il y a vingt-cinq ans, alors qu'ils sont maintenant réduits à quatre. Vous ne croyez pas qu'il y a là un commencement de centralisation?

M. LE COMMISSAIRE COUVRETTE: Bien, cela semble l'indiquer, en tout cas.

M. BARDOU: Si vous voyiez le mémoire que nous avons présenté au gouvernement provincial sur la centralisation, alors que j'étais président de notre Association; nous traitions alors de la centralisation apparente qui s'en venait et au moment même où nous présentions notre mémoire, il y avait une organisation qui en absorbait une autre, ce qui confirmait un peu les idées que nous avons émises dans ce mémoire-là.

M. LE COMMISSAIRE COUVRETTE: Qu'il y ait centralisation, nous sommes d'accord, mais vous avez ajouté que cette centralisation prend un caractère excessif, et si je comprends bien le terme que vous employez là, il signifie un caractère dangereux, disons, bien que c'est à vous qu'il appartienne de le qualifier. Et par ce mot excessif, qu'est-ce que vous entendez, ou voulez-vous tout simplement dire qu'il y a trop de centralisation, sans qualifier du tout la chose?

M. BARDOU: Bien, mon Dieu, il faut être un expert économiste pour pouvoir déterminer le



point, et je n'ai pas les qualités pour vous donner une réponse à cette question-là.

M. LE COMMISSAIRE COUVRETTE: Je vous demande simplement la question; vous auriez peut-être pu faire une étude approfondie de la question et nous éclairer nous-mêmes sur la question.

Alors, nous allons passer au paragraphe suivant, c'est-à-dire le paragraphe 3, où vous dites que votre "Association nationale a demandé au gouvernement fédéral un prêt pour le commerce". Lors de cette demande, avez-vous présenté une formule concrète de prêt, ou aviez-vous des suggestions concrètes à faire, quant à la forme que devrait prendre cette aide?

M. BARDOU: L'association nationale a présenté un mémoire au Gouvernement, à la demande du Gouvernement. C'est tout ce que je puis vous dire, parce que je ne sais pas....

M. LE COMMISSAIRE COUVRETTE: Il n'y avait pas....

M. BARDOU: Le mémoire a été présenté, et je crois qu'aux dernières nouvelles - je ne peux pas l'affirmer - en principe, cela a été accepté pour étude.

M. LE COMMISSAIRE COUVRETTE: Vous n'êtes pas au courant d'un plan concrète qui aurait pu être présenté?

M. BARDOU: Le Bureau national pourrait vous fournir ces renseignements-là.

M. LE COMMISSAIRE COUVRETTE: Nous allons essayer d'aborder tout d'abord les questions qui me



semblent les plus importantes, mais c'est peut-être les plus difficiles, comme toujours, c'est la raison pour laquelle elles prennent de l'importance.

A la page 12, deuxième paragraphe de votre mémoire. Vous mentionnez comme raison de la hausse des prix le facteur "primes, coupons et timbres" et vous vous opposez à ces choses, n'est-ce pas? Soit dit entre parenthèses que vous êtes d'accord avec les dames consommatrices que nous avons entendues jusqu'ici, toujours. Maintenant, voulez-vous nous dire ce que vous en pensez?

M. BARDOU: Monsieur le président, d'abord, vous avez un mémoire qui a été présenté par l'Association nationale des épiciers, qui complète la question des primes, des timbres

M. LE COMMISSAIRE COUVRETTE: Vous ajoutez aussi dans le paragraphe suivant qu'un autre facteur qui contribue à la hausse des prix est l'exagération dans la préparation et l'emballage des fruits et légumes frais. Je pense bien que votre réponse serait à peu près la même.

M. BARDOU: Oui, il est entendu qu'un sac de cellophane ou de polytène qui vous coûte quatre ou cinq sous pour mettre une douzaine de pommes, il faut que cela soit rajouté au prix du sac.

M. LE COMMISSAIRE MARTIN: Me serait-il permis de poser une question relativement au même paragraphe, pour compléter, peut-être, si je puis dire, la vôtre. Vous dites "Un autre facteur important, à notre point de vue, qui a pour résultat de hausser les prix de la marchandise et de diminuer



la qualité, c'est les primes, coupons et timbres..." Est-ce que vous pourriez qualifier ce terme "diminuer la qualité"? Je comprends que les primes, coupons et timbres ajoutent au prix - et comme vous le disiez, vous ne croyez pas au père Noël - mais c'est cette référence à la diminution de qualité que je vous demanderais d'expliquer?

M. BARDOU: Je vous répondrai par écrit là-dessus.

M. LE COMMISSAIRE COUVRETTE: Evidemment, vous trouverez avantageux d'en ajouter par écrit à ce travail. C'est en guise de réponses à certaines questions qu'il vous est difficile de donner ici, et nous recevrons avec plaisir tous commentaires additionnels, parce que comme le soulignent votre mémoire et d'autres, ils ont toujours trait, un peu, aux mêmes questions de la hausse des prix que vous soulignez en gros, avec toutes sortes de services additionnels qui sont aujourd'hui fournis aux consommateurs.

Et à la page 9, nous lisons: "Tous ces produits vendus par l'épicier ont amené une concurrence très forte dans le commerce de l'alimentation au détail et les emballages en petite quantité ont eu comme conséquence une hausse de prix". Voilà un autre facteur que vous apportez, et je suppose que si je vous demandais en quoi cela consiste exactement, et par des chiffres, cela ne serait pas juste pour vous et il vous serait difficile de répondre ce matin. Si vous trouvez raisonnable d'y ajouter aussi



par écrit, nous recevrons tous commentaires additionnels avec plaisir, à ce moment-là.

M. LEVESQUE: Nous nous en sommes tenus au général, étant donné que c'était une audience publique et que nous savions qu'il est assez difficile, dans un mémoire, d'en venir à une discussion très complète, mais si le président n'y voit pas d'objection, nous allons certainement prendre la question en note et nous pourrions ajouter à chacun des facteurs ce que cela coûtait il y a dix ans pour certains produits, et ce que cela coûte exactement aujourd'hui. Cependant, actuellement, personne n'a ces renseignements à sa disposition aujourd'hui, mais seulement nous savons, nous avons les chiffres de ce que cela peut coûter pour l'emballage...

M. LE COMMISSAIRE COUVRETTE: Il serait peut-être possible de vous faire parvenir un questionnaire dans ce sens-là?

Vous admettez vous-même - et ce pour suivre votre ligne de pensée - que si ce ne sont que des généralités, des principes de base que vous posez là, les questions que vous posez sont excessivement lourdes de conséquences, parce qu'à chaque fois que nous entrons dans des questions d'une façon concrète, il faut demander des détails et des précisions, et si nous demandons des questions sur des questions de principe, encore là, c'est très difficile d'exiger une réponse quant à votre théorie. Cependant, je vais vous demander une question à laquelle vous pourrez peut-être nous donner une explication additionnelle. A peu près au milieu de la page 13,



vous mentionnez que vous croyez qu'il serait dans l'intérêt du consommateur d'obtenir une revision complète de la loi des Standards, afin d'avoir une meilleure qualité et une meilleure classification de la viande. Voulez-vous nous dire, et pour éclairer les commissaires, ce que ce manque de standard peut causer comme inconvénient?

M. BARDOU: En ce qui concerne cette question, quand on parle du meilleur estampillage du boeuf, vous permettrez bien que je fasse la même réponse que tout à l'heure; nous répondrons par écrit.

M. LE COMMISSAIRE COUVRETTE: ET la même chose, je suppose, pour la loi des standards?

M. BARDOU: Oui.

M. LE COMMISSAIRE MARTIN: Je voudrais vous dire que je n'ai pas voulu, tout à l'heure, vous poser une question qui a pu vous paraître embarrassante; j'ai simplement voulu avoir une idée précise de ce que pouvait signifier, dans votre idée, cette référence au terme de qualité, et même si vous nous avez indiqué que vous donneriez votre réponse par écrit, je voudrais faire cette observation, sans toutefois vous demander de répondre immédiatement. En référant au terme qualité, voulez-vous dire qu'il peut, grâce à ces primes, coupons, timbres, etc., se vendre une plus grande quantité de produits qui n'ont peut-être pas les mêmes degrés de qualité que d'autres produits? Alors, cela complète ma question de tout à l'heure?



M. BARDOU: Je l'ai comprise comme ça; c'est comme ça que je l'avais comprise.

M. LE COMMISSAIRE MARTIN: Maintenant, à la page 3 de votre mémoire, dans le troisième paragraphe, vous réferez au prélèvement de paiement de licence, de taxe et d'impôt. Vous mentionnez aussi l'existence de règlements et de lois spécifiques. A votre avis, ces frais additionnels, parce que la licence, la taxe et l'impôt deviennent, si je comprends bien, des frais d'exploitation accrus sur les périodes antécédentes, est-ce qu'en terme d'augmentation, si vous voulez exprimer un pourcentage, vous avez une idée quelconque de ce que cela peut signifier, par rapport, disons, à la période de dix ans antérieure?

M. LE COMMISSAIRE COUVRETTE: D'ailleurs, à la page 10, il y a le premier paragraphe qui énumère ce que l'on pourrait appeler le travail additionnel....

M. LEVESQUE: C'est la même chose qu'il y a à la page 10. Aujourd'hui, naturellement, tous les épiciers indépendants, tous ceux qui sont dans le commerce, doivent avoir des comptables et faire faire une vérification, et avec le grand nombre d'inspecteurs qu'il y a sur la route, tant fédéraux que provinciaux et municipaux, il faut une tenue de livres au jour, continuellement, et cela, c'est assez dispendieux pour un petit épicier indépendant d'être obligé d'avoir un comptable qui vient pratiquement tous les jours, parce qu'il peut être appelé du jour au lendemain à donner des statistiques et



à montrer ses livres aux inspecteurs.

M. LE COMMISSAIRE MARTIN: Vous estimez que ces règlements, en définitive, alourdisent considérablement les frais d'administration du petit épicier?

M. LEVESQUE: Du petit épicier, oui.

M. LE COMMISSAIRE MARTIN: Maintenant, est-ce que vous verriez un moyen de réduire ces frais, ou estimez-vous qu'en principe ils sont nécessaires?

M. LEVESQUE: Je ne vois pas de moyen de les réduire actuellement.

M. LE COMMISSAIRE MARTIN: Vous ne voyez pas de moyen de les réduire?

M. LEVESQUE: Non, c'est une évolution dans le commerce, naturellement, qui a amené tant d'autres évolutions, qui obligent de vendre en petites quantités le plus souvent.

M. LE COMMISSAIRE MARTIN: A la page 6 de votre mémoire, de même qu'à la page 7, vous référez à l'accroissement du niveau des salaires, ainsi qu'à la diminution des heures de travail, et ces deux facteurs ont, à votre avis, une incidence considérable sur l'écart des prix, parce que comme le disait M. le président, c'est toujours à l'écart des prix que nous sommes particulièrement intéressés, indirectement à leur niveau, mais tout d'abord à la différence entre les deux niveaux de prix, est-ce que vous auriez quelques commentaires à faire....

M. BARDOU: Depuis dix ans, les salaires ont augmenté pour moins de deux pour cent.

M. LE COMMISSAIRE MARTIN: Pour moins de deux pour cent?



M. BARDOU: Oui; en somme, le chiffre d'affaires de l'épicier, deux pour cent de plus.

M. LE COMMISSAIRE MARTIN: Au total?

M. BARDOU: Oui.

M. LE COMMISSAIRE MARTIN: Cela absorbe deux pour cent de vos bénéfices?

M. BARDOU: De son bénéfice brut.

M. LE COMMISSAIRE MARTIN: De son bénéfice brut?

M. BARDOU: Oui. Il y a un autre facteur. Aujourd'hui, lorsqu'un ameublement a fait cinq ans, c'est un maximum, c'est démodé, il faut changer, et il y a le facteur dépréciation qui joue un rôle qui représente certainement un pour cent, trois-quarts de un pour cent.

M. LE COMMISSAIRE MARTIN: Il joue dans quoi?

M. BARDOU: La dépréciation de l'ameublement qui est nécessaire pour se mettre à la page, à la mode, etc. Au bout de 5 ans, c'est déjà démodé, il faut renvoyer ça.

M. LE COMMISSAIRE MARTIN: Ce facteur-là joue probablement dans le cas de toutes les entreprises; estimez-vous qu'il joue davantage dans votre cas?

M. BARDOU: Non, pas plus... oui, peut-être plus dans ces grandes entreprises, parce que dans toutes ces 'frills' qu'ils appellent, cela joue un rôle considérable; l'annonce à coups de journaux....

M. LE COMMISSAIRE MARTIN: Estimez-vous, puisque vous mentionnez l'annonce et que vous faites un geste assez large qui signifierait une indication



qu'il y a trop d'annonce, estimez-vous que l'annonce sert, tout de même?

M. BARDOU: Cela sert à la vente.

M. LE COMMISSAIRE MARTIN: Cela sert à la vente?

M. BARDOU: Oui. Maintenant, si vous prenez les journaux, il y a toujours bien plus d'annonce pour la vente d'épiceries qu'il y a dix ans; il y a une dizaine d'années, on voyait trois fois moins d'annonce; cette annonce-là doit être rajoutée.

M. LE COMMISSAIRE MARTIN: C'est un des facteurs?

M. BARDOU: Qui joue, qui peut jouer un pourcentage de X, car les grandes entreprises sont là, et en somme, les petits, leurs frais d'administration ont augmenté depuis dix ans.

M. LE COMMISSAIRE MARTIN: Pour les réduire, en terme de pourcentage?

M. BARDOU: C'est grâce à leur volume de ventes; le coût de la vie aurait monté encore bien plus. La consommation a augmenté considérablement.

M. LE COMMISSAIRE MARTIN: Relativement à la publicité, vous dites, à la page 10, au troisième paragraphe, "La concurrence que subit l'indépendant de la part des magasins à succursales multiples l'oblige à faire une publicité qui peut paraître exagérée...." Vous dites qu'elle peut paraître exagérée, mais en fait, est-ce qu'elle l'est?

M. BARDOU: Bien!



M. LE COMMISSAIRE MARTIN: Vous estimez que vous devez la faire pour faire face à la concurrence?

M. BARDOU: On est obligé de la faire.

M. LE COMMISSAIRE MARTIN: Vous aimeriez mieux n'avoir pas à la faire?

M. BARDOU: C'est entendu.

M. LE COMMISSAIRE MARTIN: Et vous estimez qu'au niveau du commerce des détaillants, que moins de publicité pourrait....

M. BARDOU: Si l'on ne faisait pas de publicité, on disparaîtrait du marché.

M. LE COMMISSAIRE MARTIN: Parce que les autres en font davantage?

M. BARDOU: Oui.

M. LE COMMISSAIRE MARTIN: Au niveau de certains de vos membres, disons qu'ils sont les plus petits détaillants, vous estimez que la publicité a une nécessité de concurrence plutôt qu'une nécessité réelle?

M. BARDOU: C'est entendu, c'est le seul moyen de rester en vie. Il faut suivre l'évolution.

M. LE COMMISSAIRE MARTIN: Maintenant, à la page 8, sous l'en-tête "hausse des prix", au troisième paragraphe, vous référez à la multiplicité des contenants et des produits, comme à la page 9. Est-ce que vous estimez que la multiplicité des contenants de différentes grandeurs est une nécessité de votre commerce, selon votre expérience?

M. BARDOU: C'est le consommateur qui la demande, n'est-ce pas?



M. LE COMMISSAIRE MARTIN: Et les désirs du consommateur sont des ordres pour le détaillant?

M. BARDOU: C'est ça.

M. LEVESQUE: Et naturellement, avec le mode de vie actuel, personne ne fait de provisions pour l'hiver, comme autrefois. Avec les logements qui existent aujourd'hui, de trois ou quatre appartements, bien, naturellement, le consommateur se doit d'acheter en quantités limitées; il revient plus souvent au magasin et il demande toutes sortes de choses de son épicier, choses qu'il veut être assuré de garder dans son garde-manger. Cela augmente les frais. Il n'y a plus les caves d'autrefois, alors qu'il achetait une poche de légumes et gardait ses patates tout l'hiver. Le mode de vie a changé énormément.

M. LE COMMISSAIRE MARTIN: A votre avis, cet état de choses-là, la multiplicité des contenants est devenue en somme une nécessité quotidienne?

M. BARDOU: Une nécessité quotidienne, oui.

M. LE COMMISSAIRE MARTIN: Mais ceci, à votre avis, est également responsable d'une augmentation appréciable de l'écart des prix?

M. LEVESQUE: Absolument, parce qu'il faut que quelqu'un paye l'emballage. Autrefois, il achetait une poche de patates, il n'y avait qu'une poche, mais aujourd'hui, c'est tout mis en sacs de dix livres, il faut que quelqu'un paye pour ces sacs-là, et tout le travail que cela comprend, en surplus.

M. BARDOU: Comme cela prend dix sacs à deux sous et demi chacun, cela fait vingt-cinq sous.



M. LE COMMISSAIRE MARTIN: L'influence de ce facteur-là est considérable sur vos frais d'administration, et compte tenu des conditions économiques générales et la demande des consommateurs aussi?

M. BARDOU: Oui.

M. LE COMMISSAIRE MARTIN: C'est ce que vous traduisez?

M. BARDOU: Oui.

M. LE COMMISSAIRE MARTIN: Maintenant, à la page 11, vous parlez du service que rend l'épicier indépendant à certaines familles, du moins dans les moments difficiles. Cela s'appelle, de son vrai nom, faire du crédit, je suppose?

M. BARDOU: Oui.

M. LE COMMISSAIRE MARTIN: Est-ce que cette pratique pour l'épicier indépendant ne résulte pas, dans certains cas, du fait, je dirais, qu'il est voisin, souvent, de son client? Vous estimez que cela coûte quelque chose?

M. BARDOU: C'était un service à rendre.

M. LEVESQUE: On n'en a pas parlé dans les frais d'administration, quoique cela représente un certain pourcentage, mais le crédit est assez élevé chez l'épicier indépendant, mais on ne l'a pas estimé. Le service de téléphone et de livraison que nous donnons, c'est un service que nous donnons contrairement aux magasins à succursales, en plus de donner la même marchandise à pratiquement le même prix. Nous donnons ce service à nos consommateurs pour concurrencer les magasins à succursales.



M. LE COMMISSAIRE MARTIN: Donc, l'idée que vous exprimez, c'est que le service additionnel est donné, somme toute, en diminuant votre marge d'opérations, et non pas en élargissant l'écart des prix?

M. BARDOU: Non. Si l'on élargissait cela, on ferait banqueroute.

M. LEVESQUE: On ne peut pas se le permettre avec ce système-là, parce que les concurrents en profiteraient. Ce n'est pas une référence au crédit comme étant un facteur d'élargissement de la marge; c'est tout simplement une chose que nous sommes obligés de faire pour garder le marché que nous avons actuellement.

M. LE COMMISSAIRE COUVRETTE: Si je comprends bien, vous prétendez que le consommateur ne s'attend pas à payer un peu plus cher pour la livraison et le crédit qu'il exige du marchand indépendant?

M. LEVESQUE: Exactement; il ne paye pas plus cher aujourd'hui pour ces services qui lui sont fournis.

M. LE COMMISSAIRE COUVRETTE: Ne croyez-vous pas que tout service quelconque doit être rémunéré d'une façon ou d'une autre?

M. BARDOU: Entre vouloir et pouvoir!

M. LEVESQUE: Nous ne pouvons pas nous permettre de charges ce service de livraison, ni même celui du crédit, parce que nous sommes obligés de suivre les prix de nos concurrents, et même si aujourd'hui les épiciers ont réussi à se grouper pour avoir à peu près le même pouvoir d'achat que leurs concurrents, il faut tout de même dire



qu'une ménagère, si elle voit que le beurre est annoncé à soixante sous la livre chez nos concurrents, elle ne va pas le chercher là, c'est par le service que nous donnons, comme la commande par téléphone, elle va la payer soixante sous chez nous aussi.

M. LE COMMISSAIRE MARTIN: Alors, disons que les ménagères de Québec sont particulièrement favorisées dans cette région, si elles peuvent obtenir ces services au même prix, sans se déplacer, qu'elle payerait même en se déplaçant.

M. LEVESQUE: Vous pourrez constater par les statistiques que nous donnons, à la suite de l'étude qui a été faite par M. Bélair, que nous détenons encore soixante-dix-huit pour cent du marché, grâce à ces services que nous donnons.

M. LE COMMISSAIRE MARTIN: Aux paragraphes 3 et 5 de la page 11, vous réferez à l'exportation et à l'importation. Je comprends que le fait, par exemple, d'exporter, disons, du boeuf aux Etats-Unis a eu indubitablement comme résultat de créer, si vous voulez, ici même, un effet sur le niveau des prix, mais est-ce que le fait, disons, que les exportations aient été plus considérables depuis douze mois, et parlant du boeuf en particulier, qu'auparavant, peut à votre avis avoir influencé la marge entre, toujours, le prix payé au producteur et le prix payé par le consommateur? Cela peut avoir élevé le niveau des prix, mais est-ce que cela peut avoir eu un effet sur la marge elle-même?



M. BARDOU: Cette année, nous payons le boeuf de cinq à sept sous la livre de plus que l'an dernier....

M. LE COMMISSAIRE MARTIN: Je comprends qu'il y a élévation du prix, mais est-ce qu'il y a eu de fait, du fait de ces exportations dont vous faites mention dans votre mémoire, un élargissement de la marge entre le prix payé au producteur et celui payé par le consommateur?

M. BARDOU: Il y a la marge d'augmentation du produit brut.....

M. LE COMMISSAIRE MARTIN: Je suppose que si le prix payé au producteur est de cinq ou sept sous la livre de plus, comme vous dites, je comprends que le prix payé par le consommateur doit être augmenté en proportion?

M. BARDOU: Plus. S'il paye la marchandise cinq ou six sous de plus la livre, il va prendre son bénéfice sur cinq ou six sous aussi, la différence s'étend. L'augmentation a été sur le prix, entre les deux... sur les cinq ou six sous, il y a certainement pour lui un bénéfice, et il y a le bénéfice pour lui là aussi.

M. LE COMMISSAIRE MARTIN: Maintenant, à la page 13, il y a une référence à l'augmentation du pouvoir d'achat. Au paragraphe 4, par exemple, vous dites "Pour rester en affaires, l'épicier indépendant se doit de suivre les mêmes prix que ses concurrents qui ont un pouvoir d'achat beaucoup plus élevé et ce n'est que par le service et la qualité qu'il survit.



J'aimerais maintenant vous poser une question que vous considérerez peut-être comme une "colle", mais cependant vous réferez à l'augmentation du pouvoir d'achat des épiciers de votre groupement, et vous voyez sur ce tableau deux lignes, celle du bas en rouge, indique la descente, si l'on peut dire, des prix payés aux producteurs. Est-ce que cette augmentation du pouvoir d'achat, à votre avis, peut avoir une répercussion ou une relation avec cette diminution du prix payé au producteur pour les vivres?

M. BARDOU: Nous n'achetons rien d'un producteur, parce que nous autres, nous achetons tout du manufacturier directement. Nous ne faisons aucune affaire avec le producteur directement. A l'exception de quelques légumes saisonniers, tout vient du manufacturier, du "packer"

M. LE COMMISSAIRE MARTIN: Mais les prix auxquels, disons, le manufacturier vend ses produits, est-ce qu'ils peuvent être influencés par la résistance des acheteurs qui ont un pouvoir d'achat plus considérable?

M. BARDOU: Il est au dessus de mes qualités de répondre à cette question.

M. LE COMMISSAIRE MARTIN: Parce que nous cherchons à expliquer ce phénomène que traduit le graphique que vous voyez là. Maintenant, M. Couvrette vous posait tout à l'heure une question relative au problème de centralisation. Alors, puis-je vous demander si, à votre avis, cette centralisation apparente a eu des répercussions sur



la marge ou l'écart des prix jusqu'à date, ou si vous exprimez l'idée que la centralisation devenant trop grande, elle peut avoir des effets sur les écarts de prix dans l'avenir?

M. BARDOU: Vous connaissez la phrase:
La force prime le droit.

M. LE COMMISSAIRE MARTIN: C'est difficile pour moi à admettre. Il est vrai que je ne suis pas un homme de loi, mais je n'admets pas cela en principe; je suis obligé de vous dire cela.

M. BARDOU: En pratique, c'est pourtant bien ça.

M. LE COMMISSAIRE MARTIN: Jusqu'à date, peut-on dire que le développement des grandes institutions de détail a eu pour effet d'élargir la marge ou la rétrécir?

M. BARDOU: Non.

M. LE COMMISSAIRE MARTIN: Cela a eu pour effet de l'élargir, jusqu'à date?

M. BARDOU: Non; au contraire, cela a permis l'évolution du commerce de détail, dans une distribution plus directe, avec moins d'intermédiaires, car l'augmentation dans le commerce de détail, l'évolution qui s'est faite depuis vingt ans, s'il n'y avait pas eu cette évolution, combien payerions-nous pour les denrées, je ne le sais pas, mais beaucoup plus cher.

M. LE COMMISSAIRE COUVRETTE: Vous référez au coût ultime des denrées aux consommateurs, mais la question était est-ce que cela élargit la marge de l'écart des prix?



M. BARDOU: Non.

M. LE COMMISSAIRE MARTIN: Ce sont toutes les questions que j'avais à poser. Cependant, mon collègue, M. Kidd, constate d'après la reproduction des pages de la revue "L'Épicier", que les épiciers indépendants font soixante dix pour cent (70%) des affaires, alors qu'à Toronto, la situation est à peu près exactement inverse, car les magasins à chaînes font soixante-huit pour cent (68%) des affaires. Alors, cette situation le frappe et il aimerait avoir vos commentaires là-dessus.

M. BARDOU: Voyez-vous, monsieur le président, depuis 1930, dans la ville de Québec, ici, les épiciers se sont groupés. Voyant venir ces magasins à succursales qui s'en venaient avec force depuis 1930, ils ont commencé à se grouper; ils ont retardé la marche, et c'est pour cette raison que nous avons conservé ce pourcentage-là dans le district de Québec.

M. LE COMMISSAIRE COUVRETTE: Monsieur Kidd me prie de vous demander quelle est la proportion du travail chez les épicier indépendants qui est l'oeuvre du travail de famille, n'est-ce pas, et quelle est la proportion qui est du travail, selon son expression, "hired", engagée, si l'on peut faire la distinction? Comprenez-vous la distinction que M. Kidd veut faire entre les deux?

M. BARDOU: L'organisation familiale, où le père travaille avec ses deux fils?

M. LE COMMISSAIRE COUVRETTE: Si vous voulez?



M. LEVESQUE: Nous avons à Québec 238 artisans, qui sont ce que nous appelons des artisans, qui sont des épicereries familiales, et il y a 482 employeurs, c'est-à-dire qu'il y a 532 employeurs qui emploient 2,342 employés.

M. LE COMMISSAIRE COUVRETTE: Au total?

M. LEVESQUE: Au total, oui.

M. LE COMMISSAIRE COUVRETTE: A la page 13, à l'avant-dernier paragraphe, mon collègue, M. Drummond, vous demande si en vertu de ce paragraphe-là, vous prétendez que l'aide financière au moyen de lois ou des lois qui viendraient en aide au commerce sont les seuls moyens, à votre avis, d'éviter la concurrence ruineuse que l'épicier indépendant a à subir? Est-ce là, à votre avis, le seul moyen, selon vous? D'après ce paragraphe, il semble que ce soit là votre assertion?

M. LEVESQUE: Il n'y a certainement pas que cela. Il y a aussi la révision de la loi des Standards, i; y a cette aide financière que nous croyons nécessaire au détaillant, afin de lui permettre de maintenir une stabilité dans les prix, avec la concurrence qui existe actuellement, parce qu'il faut moderniser les magasins. D'ailleurs, le mémoire que notre Association nationale a présenté au gouvernement demandait justement cette aide pour la modernisation de nos magasins, de façon à pouvoir concurrencer les grosses entreprises, car on dit que s'il y a centralisation, c'est la loi du plus fort qui va jouer.



M. LE COMMISSAIRE COUVRETTE: Les lois auxquelles vous faites allusion dans le paragraphe 13 seraient-elles des lois restrictives pour certaines catégories de commerces?

M. BARDOU: Non.

M. LE COMMISSAIRE COUVRETTE: Quelles sortes de lois seraient-elles?

M. BARDOU: Ce sont des lois qui protégeraient davantage le consommateur sur la question de qualité que l'on vend; par exemple, la question des timbres, en ignorant la loi du Code pénal.

M. LE COMMISSAIRE MARTIN: Madame Walton désire savoir si au paragraphe 5, lorsque vous référez à la révision de la loi des Standards, vous exprimez l'idée que les standards actuels sont inadéquats, ou si par hasard les standards ne se suivent pas complètement du producteur ou du manufacturier jusqu'au consommateur. Est-ce que ce sont les deux, ou quoi?

M. BARDOU: C'est cela, les deux.

M. LE COMMISSAIRE MARTIN: Que les standards sont inadéquats dans certains cas?

M. BARDOU: Ils ne sont pas suivis tel qu'ils devraient l'être; autrement dit, la loi n'est pas suivie.

M. LE COMMISSAIRE MARTIN: Il y a des possibilités d'y échapper?

M. BARDOU: Dans la viande, n'est-ce pas, vous avez deux standards officiels, et puis vous avez toute la gamme des autres qui ne le sont pas. Le consommateur ne sait pas ce qu'il achète, à



moins qu'il connaisse ça.

M. LE COMMISSAIRE COUVRETTE: Alors, messieurs, nous vous remercions beaucoup, et si vous jugez à propos de nous faire parvenir certains commentaires additionnels, ne vous gênez pas; en aucun temps nous serons heureux de les recevoir.

Nous aurons maintenant une brève suspension avant d'entendre le mémoire du comité provincial français de l'Association canadienne des Consommateurs.



MEMOIRE DU

COMITE PROVINCIAL FRANÇAIS DE
DE L'ASSOCIATION CANADIENNE
DES CONSOMMATEURS

COMPARUTIONS:

Mme LAUZIER ALARY	Présidente, section française locale
Mme JULIS SAVARD	Présidente, section anglaise locale
Mme ALBERTINE FRANCOEUR	Vice-présidente, section française provinciale
Mme RENE ROBITAILLE	Secrétaire, section française locale

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MADAME SAVARD: Monsieur le président,
Madame Walton, messieurs, la section provinciale
de langue française de l'Association Canadienne
des Consommateurs apprécie l'occasion que vous lui
offrez de présenter quelques opinions de ses
membres, concernant l'écart de prix de nos denrées
alimentaires entre le producteur et le consommateur.

Cependant, nous regrettons qu'une prépa-
ration hâtive de ce mémoire nous oblige à ne men-
tionner que quelques points principaux qui ont
peut-être déjà été portés à votre connaissance par
d'autres comités provinciaux de notre Association,
ou vous seront présentés par la section de langue
anglaise, que nous appuyons de tout coeur.

Notre Association n'est pas seulement
la voix de la ménagère, de celle qui achète pour
la famille canadienne, mais elle est aussi un



moyen d'éducation; conséquemment, nous reconnaissons que le consommateur doit accepter une certaine responsabilité de la hausse de plus en plus inquiétante des prix et de l'écart de ces prix du producteur au consommateur.

Cependant, le consommateur ne porte pas toute la responsabilité de ces écarts dans les prix. Tout dans les méthodes modernes en vue d'activer les ventes, est de nature à augmenter les prix sans réellement apporter de profit aux producteurs, et la situation s'aggrave de jour en jour et exaspère le consommateur. Notre Association tient à souligner ses protestations les plus catégoriques contre le système des primes, des coupons-timbres qui augmentent présentement le coût de la vie, exploitant la crédulité du consommateur au lieu de servir ses intérêts, et servent de pièges qui incitent la ménagère à acheter ces produits sans égard à la qualité d'un autre.

Ces systèmes de production engagent l'industrie dans une enchère coûteuse, n'apportent rien au producteur, non plus qu'au consommateur et lui imposent souvent des articles dont il n'a pas besoin - tel un verre cassé dans une boîte de céréales, et augmentent inévitablement le coût de distribution. Nous nous inquiétons aussi du rôle que joue dans la hausse ou le maintien des prix, les commissions, telles la commission laitière du Québec et d'autres analogues à travers le pays. Elles fonctionnent au moyen des deniers publics,



et de ce fait, elles doivent servir l'intérêt public et non l'intérêt d'un groupe. Malgré l'honnêteté et la bonne volonté de leurs membres, que nous ne voulons mettre en doute d'aucune façon, nous constatons que le consommateur n'a aucun accès à leurs délibérations, ni représentation à leurs comités et aucun moyen d'appel à leurs décisions.

Ainsi nous avons, peut-être sans trop le vouloir, le système anti-démocratique de la taxation sans représentation auquel nous nous objectons fortement. La conséquence inévitable de l'absence totale de la voix du consommateur aux délibérations de ces commissions, qui régissent les prix et standards de denrées alimentaires, tels les produits laitiers dans notre province et d'autres produits dans d'autres provinces sont que les décisions prises au cours des délibérations ne comportent que le point de vue du producteur sans égard à celui du consommateur qui n'a en somme qu'une seule fonction... celle de payer les comptes. Le refus de la commission d'offrir à la ménagère un prix de rabais pour ses achats à l'épicerie, au lieu de la livraison à domicile, de même que son refus d'autoriser la vente du lait en bouteilles ou cartons de deux pintes avec un rabais convenable -- illustrent combien facilement les Commissions régissant les produits agricoles, ne servent que les intérêts d'une faible partie de la population. Nous nous devons de souligner ici la part que joue dans l'écart des prix une attitude gouvernementale



qui pousse le consommateur vers des produits rivaux, telle la loi provinciale défendant la vente de la margarine et le soutien coûteux du prix du beurre par le gouvernement fédéral. Dans le premier cas, la loi qui interdit la vente de la margarine dans la province de Québec n'a fait que susciter des sous-produits qui, au lieu d'être faits d'huile végétale, sont fabriqués d'huile de baleine, d'autres poissons ou animaux. Cette loi punit la ménagère québécoise et la force à acheter un produit rival. Elle illustre la conséquence d'une loi où le consommateur n'a pu émettre son opinion. Dans le deuxième cas --- celui du maintien du prix du beurre et de son entreposage dispendieux par le gouvernement canadien, est à notre avis une manière d'agir de nos gouvernants qui oblige le public acheteur à payer deux fois pour la protection de l'industrie laitière, une première fois dans le prix d'achat du beurre de surplus, et une deuxième fois dans l'achat de ce même produit, ce qui affecte également le fermier laitier et le consommateur. D'une part, elle encourage une production plus abondante par l'assurance que possède le fermier d'un marché profitable; d'autre part, elle paralyse l'acheteuse et la pousse à acheter des substituts. Lorsque le gouvernement a récemment haussé le prix de soutien du beurre, la consommation a baissé d'une façon dramatique, et la consommation de la margarine s'est accrue d'autant. Il nous semble plus sage d'employer nos taxes pour baisser les prix



et non les augmenter. Nous reconnaissons la nécessité de protéger le cultivateur si nous voulons encourager la production alimentaire essentielle au pays, mais nous nous inquiétons des avantages qu'il retire d'une telle protection qui réduit le pouvoir d'achat du consommateur, et stimule une production déjà trop considérable pour les besoins du pays.

Un autre point qui intéresse notre Association est l'extravagance grandissante dans la présentation d'un bon nombre de produits. La multiplicité et la variété des emballages et des contenants augmente le prix de certains aliments et un dédain grandissant se précise chez l'acheteuse qui rencontre des prix plus élevés pour des boîtes, sacs, emballages toujours plus ornés. Pourquoi les pomiculteurs ne reçoivent-ils plus que 20% du dollar du consommateur quand ils en recevaient 45% il y a quelques années?

Pourquoi la ménagère paie-t-elle 39¢ la livre du poisson pour lequel le pêcheur gaspésien nous affirme ne recevoir qu'un sou la livre? Les services intermédiaires sont peut-être en cause dans ces cas et peut-être aussi dans plusieurs autres.

Nous réalisons trop hélas que la main d'oeuvre est une raison de l'écart des prix et n'est peut-être pas assez comprise par le travailleur lui-même. Trop souvent, il ignore le fait que les augmentations de salaire sont une cause



de l'augmentation du coût de la vie et que ce dernier grimpe en proportion des premières. Il nous semble désirable d'établir des cours d'économie pratique dans nos écoles primaires, sinon l'illusion de nos membres d'unions, au sujet des prix, persistera et finira par détruire la source même de leur emploi.

Rédigé en collaboration, par Liliane Dupuis - vice-présidente nationale, au nom du Comité provincial français de l'Association Canadienne des Consommateurs.

---EXHIBIT No. 59: Mémoire du Comité Provincial Français de l'Association Canadienne des Consommateurs.

M. LE COMMISSAIRE COUVRETTE: Merci, madame Savard. Je crois que votre mémoire vient ici s'ajouter à d'autres que nous avons entendus à peu près dans toutes les provinces du Canada, de la part des Associations de Consommateurs. Il semble aussi que les mêmes points nous sont signalés et les mêmes principes de base ressortent de ces mémoires.

Cependant, il y a une chose qui m'a frappé en entendant la lecture de votre mémoire, c'est qu'étant donné cette similitude, elle indique clairement que d'un bout à l'autre du pays, il y a chez les consommateurs cette similitude de raisons à invoquer au sujet du produit alimentaire, et cela fait une force indéniable, le fait d'une entente dans chaque province constitue une force que l'on n'aurait pas soupçonnée si on l'avait entendue dans une seule province.



Vous dites au paragraphe 3 de la première page de votre mémoire, que votre Association, non seulement est la voix de la ménagère, mais qu'elle est aussi un moyen d'éducation, et ce n'est pas une question que je pose ici, mais c'est dans le même ordre d'idées. Il ressort de tous les mémoires des Associations des consommateurs qu'il y a là une véritable lacune vis-à-vis du public, au point de vue éducation, et c'est aux Associations de consommateurs que nous devons d'avoir signalé ce point-là plus éloquemment, et à peu près exclusivement, d'ailleurs, et nous sommes reconnaissants d'ajouter votre témoignage sur ce point-là à celui des aide-mémoires des autres Associations.

Et maintenant, je relève au bas de la première page de votre mémoire, un paragraphe dans lequel vous exprimez la même idée que celle exprimée d'ailleurs par les marchands détaillants, quant au système des primes et des coupons-timbres, lesquels, vous dites "exploitent la crédulité du consommateur au lieu de servir ses intérêts, et servent de pièges qui incitent la ménagère à acheter ces produits sans égard à la qualité d'un autre". Alors, on peut dire que c'est presque la description de la tentation que vous faites là?

MED. M. L. SAVARD: C'est dans le domaine de l'éducation; si les gens étaient instruits dans ce domaine-là, alors, ils ne se feraient pas prendre dans ces pièges-là. C'est ce que nous essayons de couvrir le plus possible.

M. LE COMMISSAIRE COUVRETTE: Maintenant,



je ne sais pas si M. Martin aimerait vous poser quelques questions relativement à la Commission laitière; c'est plus dans son domaine que dans le mien.

M. LE COMMISSAIRE MARTIN: Merci, monsieur le président; évidemment, je ne suis pas membre de la Commission laitière de l'industrie laitière de la province. Madame, votre mémoire semble indiquer que le fait d'établir des prix minimum pour le lait n'est pas, en définitive, à l'avantage du consommateur. Vous estimez que le prix du lait est trop élevé?

MADAME SAVARD: Voici. Dans toute la province, le prix du lait livré à domicile est le même que celui qu'on paye dans les magasins, ici. Alors, il devrait y avoir un rabais sur ce dernier prix. Si nous n'avons pas ce service à domicile et si les contenants pour les grandes familles étaient plus grands, par exemple prenons le cas d'une famille qui prend six chopines ou six pintes par jour, si les contenants étaient plus grands, sûrement, cela diminuerait le coût de la manipulation ou des contenants; nous ne serions pas obligés de payer pour tout cela.

M. LE COMMISSAIRE MARTIN: Alors, d'après vous, il est impossible, vous dites, à la suite des règlements de la Commission, d'acheter du lait au magasin à un prix inférieur à celui qui est fixé pour le lait livré à domicile?

MADAME SAVARD: Oui. Ici, les prix sont les mêmes.



M. LE COMMISSAIRE MARTIN: Est-ce qu'ils sont les mêmes en effet, ou s'ils sont les mêmes par réglementation de la Commission?

MADAME SAVARD: Cela, je ne peux pas vous dire.

M. LE COMMISSAIRE MARTIN: Autrement dit, est-ce que le prix chargé au magasin est le même parce que la Commission oblige le détaillant à vendre le lait disons... quel est le prix ici?

MADAME SAVARD: Vingt-deux sous la pinte.

M. LE COMMISSAIRE MARTIN: Vingt-deux sous la pinte?

MADAME SAVARD: Oui.

M. LE COMMISSAIRE MARTIN: Est-ce que la Commission oblige le détaillant à le vendre vingt-deux sous la pinte au magasin, soit le même prix qu'elle l'oblige à vendre à domicile? Se pourrait-il que ce ne soit pas par règlements de la Commission que ces choses-là se produisent?

MADAME SAVARD: Non, cela a été une décision de la Commission, et je crois qu'il y a eu assez de plaintes aux commissaires là-dessus, que la question est encore à l'étude; pour le moment, c'est le même prix, et c'est fixé par la Commission.

M. LE COMMISSAIRE MARTIN: Maintenant, vous parlez de contenants de différentes grandeurs, et de contenants en carton. Vous estimez que le fait, par exemple, d'avoir des contenants plus grands pourrait permettre une diminution du prix. Etes-vous au courant du fait que, par exemple, pour l'embouteil-



lage du lait en cartons, cela exige des machines spéciales et que les mêmes machines servant à l'embouteillage du lait ne peuvent pas servir à l'embouteillage du lait dans les cartons?

MADAME SAVARD: Oui.

M. LE COMMISSAIRE MARTIN: Il y a là une augmentation du coût, et les renseignements reçus jusqu'ici sont à l'effet qu'il n'y a pas nécessairement de différence dans le coût de manipulation du lait. Lorsqu'il est dans les cartons, il y a moins de manipulation de bouteilles vides. Cependant, le coût du contenant en carton, à la longue, finit par être plus élevé que le coût du contenant en verre, parce qu'il ne sert qu'une fois, et que dans les entreprises voulant faire l'embouteillage du lait, cela nécessite un équipement additionnel, spécial pour le carton?

MADAME SAVARD: Oui, mais il y aura des compensations. Il n'y aura pas de problème relativement aux bouteilles; il s'en casse toujours un certain nombre, et puis ils sont obligés de venir avec ça, tandis que les cartons pourraient se dispenser d'une machine. Même si la manipulation pour remplir les cartons est la même que pour les bouteilles, est-ce que cela ne serait pas non plus plus hygiénique?

M. LE COMMISSAIRE MARTIN: A la page 3 de votre mémoire, vous faites allusion au prix du beurre, et vous dites "... celui du maintien du prix du beurre et de son entreposage dispendieux



pour le gouvernement canadien, est à notre avis une manière d'agir de nos gouvernants qui oblige le public acheteur à payer deux fois pour la protection de l'industrie laitière, une première fois dans le prix d'achat du beurre de surplus, et une deuxième fois dans l'achat de ce même produit, ce qui affecte également le fermier laitier et le consommateur...." Je vous avoue que je ne saisis pas très bien cette référence à l'obligation de payer deux fois. Voudriez-vous expliquer ce que vous voulez dire? C'est vers le milieu de la troisième page; vous dites que le public est obligé de payer deux fois pour la protection de l'industrie laitière?

MADAME SAVARD: Nous considérons que nous payons cela en taxes, en plus d'autres choses, sur le montant du beurre. S'ils sont obligés de l'entreposer, et puis il y a aussi le remaniement du beurre, ce qui veut dire qu'ils le remettent sur le marché une deuxième fois; on ne paye pas tant la livre, mais on le paye indirectement en taxes.

M. LE COMMISSAIRE MARTIN: Vous parlez d'entreposage dispendieux; il n'y a pas, que je sache, d'entreposage plus dispendieux fait pour le beurre que le gouvernement achète. La production laitière, chez nous, se fait durant une période relativement courte; malgré qu'il se produise du lait durant les douze mois de l'année, la plus forte production se fait dans une période



maximum de six mois et, évidemment, la consommation se répartit sur les douze mois. Alors, il faut toujours entreposer ce produit durant la période forte. Dans les quatre mois de l'été, il se fait plus de beurre que durant les huit autres mois. Cette situation change quelque peu, suivant les saisons. Quand la saison est belle, la production se continue un peu. Il n'y a pas, que je sache, d'entreposage plus dispendieux de fait dans le cas du beurre, parce que le gouvernement l'achète; il doit être entreposé quelque part, pour le conserver.

MADAME SAVARD: S'il est entreposé pour le conserver et qu'on a un surplus, il faut nécessairement que ce beurre-là reste entreposé plus longtemps que nécessaire.

M. LE COMMISSAIRE COUVRETTE: Parlez-vous d'un surplus saisonnier ou d'un surplus annuel ou permanent?

MADAME SAVARD: Je regrette qu'à la suite de la rapidité avec laquelle nous avons préparé ce mémoire, je n'ai pas de statistiques, de chiffres, ce qui veut dire qu'en ce qui a trait aux statistiques, je ne peux pas vous répondre pour le moment.

M. LE COMMISSAIRE MARTIN: Maintenant, vous dites, un peu plus bas, à la même page, "...la consommation a baissé d'une façon dramatique, et la consommation de la margarine s'est accrue d'autant..." Tout comme dans le cas du beurre, vous n'avez pas présentement à la main de statistiques?



MADAME SAVARD: Non. Au lieu d'acheter du beurre, on a acheté des sous-produits. La consommation du beurre a diminué énormément, dû aux sous-produits.

M. LE COMMISSAIRE MARTIN: Les sous-produits auxquels vous réferez sont les produits que l'on nomme généralement "spread"?

MADAME SAVARD: Oui.

M. LE COMMISSAIRE MARTIN: Maintenant, à la page 4, vous mentionnez "...l'extravagance grandissante dans la présentation d'un bon nombre de produits". A votre avis, il y a là réellement une extravagance que vous estimez payer inutilement?

MADAME SAVARD: Dans les emballages, oui.

M. LE COMMISSAIRE MARTIN: Dans les emballages?

MADAME SAVARD: Oui.

M. LE COMMISSAIRE MARTIN: Y a-t-il des exemples particuliers que vous pourriez nous donner?

MADAME SAVARD: Les fromages, les olives; ce ne sont pas des choses tellement nécessaires, mais vous avez toutes ces choses-là qui sont emballées dans des contenants pour attirer le consommateur. C'est peut-être une façon de faire de l'annonce, de la réclame, mais nous payons pour toutes ces choses-là, ce qui augmente nécessairement le coût de la vie.

M. LE COMMISSAIRE MARTIN: A votre avis, dans le cas des emballages, on ne devrait faire que ce qui est essentiel pour la conservation du produit



lui-même, et puis après il n'est pas défendu, si cela ne coûte pas plus cher, évidemment, de présenter cela de belle façon, mais vous voudriez qu'on n'abuse pas de ce côté-là. Vous estimez qu'il y a des abus présentement?

MADAME SAVARD: Oui, on considère qu'il y a des abus maintenant, et puis pour la famille de moyens modiques, quand il y a des choses essentielles emballées dans des contenants de fantaisie, il va sans dire que l'on paye pour les contenants de fantaisie.

M. LE COMMISSAIRE MARTIN: Est-ce qu'en retour pour tout cela, il n'y a pas quelques gens qui en retirent quelque compensation, si l'on peut dire? Tout ce travail-là, il est fait par quelqu'un; le matériel d'emballage lui-même est fabriqué par quelqu'un, ce qui donne du travail à quelqu'un. Est-ce que ce n'est pas tout simplement un échange?

MADAME SAVARD: Un cercle vicieux, mais les gens qui ont besoin de ces contenants-là pourraient les acheter ailleurs, au lieu d'être obligés de les payer pour la marchandise.

M. LE COMMISSAIRE MARTIN: S'ils en ont besoin, ils pourraient...

MADAME SAVARD: S'ils ont du beurre d'arachides dans un contenant qui sert plus tard comme verre de cuisine, s'ils en ont besoin, ils peuvent l'acheter, mais s'il leur faut du beurre d'arachides pour les enfants, qu'ils ne soient pas obligés de



payer pour une affaire de fantaisie, alors que le prix peut augmenter de cinq sous la bouteille, parce que ce verre-là a un peu de peinture dessus.

M. LE COMMISSAIRE MARTIN: Une autre question qui concerne peut-être beaucoup plus mon collègue, M. MacKichan, et avec lequel il est sûrement plus familier, c'est votre référence au prix du poisson. Vous parlez évidemment du boisson en provenance de la Gaspésie et en provenance du Québec, pour lequel le pêcheur reçoit un sou, et pour lequel la ménagère paierait trente-neuf sous la livre....

M. LE COMMISSAIRE COUVRETTE: Est-ce que cela ne serait pas plutôt trois sous la livre, comme prix de base?

MADAME SAVARD: Pour le pêcheur lui-même?

M. LE COMMISSAIRE COUVRETTE: Oui.

MADAME SAVARD: Les pêcheurs gaspésiens nous ont affirmé l'an dernier encore, nous n'avons pas de statistiques, mais ils nous affirment qu'ils ne reçoivent qu'un sou la livre pour certains poissons.

M. LE COMMISSAIRE COUVRETTE: Voilà! Est-ce que c'est le poisson qui se vend trente-neuf sous la livre?

MADAME SAVARD: Il n'y a pas beaucoup de poisson qu'on peut avoir à moins de trente-neuf sous la livre.

COMMISSIONER MACKICHAN: The point here is that there is some misunderstanding arising



from the terminology used. This one cent a pound, which is very low, I think, refers to either an inferior grade, or a year or two back before this, but you are speaking of a fish, round, as it comes from the water, and the other is that in the process of making fillets, there is only about 33 1/3% at the most of the fish used. All the offal is taken away, and then in addition to the labour involved, the equipment and everything else, there are these fancy packages.

This kind of fillets, for instance, has a small white carton and then a paper wrapper, but the machining that wraps that costs in the vicinity of \$15,000.00. Sometimes, there is a cellophane wrap over that. The other think that affects the price is that the turnover in fish is small compared to meats, and fish is one of the ^{most} perishable of food products. There are a lot of things involved. It is a seasonal product; the ice closes in and there is no fishing for six months of the year.

However, I will go along with you to some extent that there is a fair spread between even four cents and thirty-nine cents. When I say "fair", I don't mean exactly that word; I mean a generous spread.

M. LE COMMISSAIRE COUVRETTE: Exactement. Je signale tout simplement en français que généralement je crois, tout comme M. MacKichan vient de le dire, que le prix est plus près de trois sous la



livre, et qu'il n'y a seulement qu'un tiers qui sert en définitive. Sans expliquer les autres facteurs, le poisson, tel que rendu au consommateur, coûte déjà neuf sous et non pas un sou la livre, tel qu'indiqué. Alors, cela détruit un petit peu l'horreur de la différence.

COMMISSIONER WALTON: Madame Savard, I wonder if you want to comment or enlarge on the responsibility of the consumer for increasing the spread? You imply that the consumers are partly responsible for this. Have you anything specifically in mind?

MRS. SAVARD: No. I think that relates back to education; that is the main reason why the consumer is partly responsible in some of these cases.

COMMISSIONER WALTON: She does not know, you mean?

MRS. SAVARD: Right. Consumers' Associations are doing their utmost to correct that error, but I think if we had perhaps more help from the governments along those lines, that there would be a great improvement.

COMMISSIONER WALTON: Do you really feel that education and knowledge would result in quality purchasing which would narrow the spread?

MRS. SAVARD: We are concerned primarily with what the producer is getting and what the consumer is paying.

COMMISSIONER WALTON: And you feel that if you can inform the public and if they knew more,



that they would be able to narrow that spread?

MRS. SAVARD: Yes, they would be able to narrow that spread because they probably would not let themselves be fooled by a lot of these gadgets and containers. Therefore, a producer would probably alter that in his line and the consumers would, because they would know more about it, so there would be less of a margin every line that I can think of, or most lines anyway, of food products.

COMMISSIONER WALTON: You mean if some of the unnecessary so-called frills or multiplicity of enticements were removed, and if we were intelligent enough, that would not superimpose a cost, but narrow the spread?

MRS. SAVARD: Yes; it would also be more practical, I think, or sensible.

COMMISSIONER DRUMMOND: Just one question. You speak about the Milk Commission and the fact that although you represent one section of the population, you are not represented on it, and you cite one or two things that so far it has refused to do, such as different sizes of bottles, and so on. Have you any concrete suggestions as to how this situation might be rectified, as it were?

MRS. SAVARD: Do you mean as far as containers are concerned?

COMMISSIONER DRUMMOND: Yes?

MRS. SAVARD: We feel that for large families, they should be able to buy their milk in larger containers, and thus save the cost of



containers. We realize that means quite an output for the producer, but once this initial output has been made, eventually, on the long run, it certainly would not be more expensive to them and certainly would save some money for the larger families.

COMMISSIONER DRUMMOND: You do not have two or three quart containers now available in the Province of Quebec?

MRS. SAVARD: No.

COMMISSIONER DRUMMOND: You do know that they are available in some of the other Provinces?

MRS. SAVARD: Yes.

COMMISSIONER DRUMMOND: But they are not in the Province of Quebec?

MRS. SAVARD: No. I don't think so. As far as I know, recently, they had not started in Montreal, and nowhere in the Province. If Montreal has started, it is within a very short time.

COMMISSIONER COUVRETTE: We have heard something about that within the last few weeks.

COMMISSIONER WALTON: Do you have a price differential between carrying it from the store as against delivery to the home?

MRS. SAVARD: The same price in the shops or delivered at the door.

M. LE COMMISSAIRE COUVRETTE: A ce sujet-là, madame Savard, on a entendu dire tout à l'heure que les épiciers indépendants absorbaient le coût. Il faudrait peut-être remercier les épiciers indépendants.



MADAME SAVARD: La livraison à domicile serait plus coûteuse, à leur point de vue?

M. LE COMMISSAIRE COUVRETTE: Oui, elle serait plus coûteuse, en la faisant. Ils absorbent le coût. Ils devraient vendre à ce prix-là à leurs magasins, mais ils absorbent le coût de la livraison.

MADAME SAVARD: Ce n'est pas la laitier lui-même qui parle, c'est le marchand détaillant?

M. LE COMMISSAIRE COUVRETTE: Le marchand détaillant, oui.

MADAME SAVARD: Oui; pour le laitier lui-même, soit que son produit, il perd avec la livraison, ou il charge trop quand il livre en grandes quantités dans les épiceries.

COMMISSIONER WALTON: May I ask one question? I am sorry I cannot present it in French. Are the consumers or is the public represented on any of the provincial agencies that are appointed, such as the Milk Board?

MRS. SAVARD: No, we have no voice on the Milk Board Commission at all. Some of our members sit in as spectators, but the consumer has never been invited to voice an opinion on these Commissions.

COMMISSIONER WALTON: Are there public hearings before price increases take place, as in some other provinces?

MRS. SAVARD: Yes, the public can go in and listen, but they won't let you say anything.

M. LE COMMISSAIRE COUVRETTE: Nous vous remercions, mesdames, pour votre amabilité d'avoir



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répondu à nos questions. Alors, encore une fois,
le tout s'ajoute au faisceau de mémoires que nous
avons entendus dans les autres provinces.

---A midi, la séance est ajournée à 2.30 p.m.



---Advenant 2.30 p.m., la séance est ouverte.

MEMOIRE DU
CONSEIL DE LA COOPERATION DU QUEBEC

COMPARUTIONS:

M. Paul-Emile Charron	-	Vice-président;
M. Léo Bérubé	-	Secrétaire-général;
M. Louis-Joseph Marcotte	-	Directeur des Publications.
M. J.C. Pelletier	-	Gérant du Syndicat des Pêcheurs de l'Ile d'Orléans

- - - - -

M. CHARRON: Monsieur le président,
Madame Walton, messieurs les commissaires, qu'il
me soit permis tout d'abord de remercier bien sin-
cèrement la Commission de l'opportunité qui nous
est fournie de présenter ce mémoire sur les moyens
généraux qui, selon l'expérience coopérative,
peuvent rendre possible un meilleur équilibre
entre les prix des producteurs primaires et du
consommateur, d'autre part, mais avant la lecture
du mémoire, si vous me le permettez, je voudrais
dire tout le plaisir et l'honneur que les coopé-
rateurs du Québec ressentent de compter parmi les
commissaires M. Martin qui est président du Conseil
de la Coopération du Québec.

Je voudrais maintenant présenter les
membres du Conseil de la Coopération du Québec
qui sont ici présents. D'abord, il y a M. Léo



Bérubé, secrétaire général; M. Louis-Joseph Marcotte, directeur des publications; M. J.-C. Pelletier, Gérant du Syndicat des Pêcheurs de l'Ile d'Orléans; M. Armand Goulet, président général de la Fédération des Magasins coopératifs.

Maintenant, j'invite M. Léo Bérubé, secrétaire exécutif du Conseil de la Coopération du Québec, que nous représentons ici, à vous lire le mémoire.

M. LEO BERUBE: Monsieur le président, madame et messieurs les commissaires, nous sommes heureux, au nom du mouvement coopératif de la province de Québec, de présenter ce mémoire à une Commission Royale qui enquête sur un des problèmes qui affecte de façon directe et marquée une proportion considérable de la population canadienne.

Nous avons la conviction que, de par sa nature, le mouvement coopératif travaille précisément dans le domaine qui fait l'objet des travaux de votre Commission, et qu'il a déjà dans certains secteurs réussi à diminuer les écarts entre les prix des produits alimentaires reçus par les cultivateurs et les pêcheurs et ceux payés par les consommateurs. Voilà pourquoi nous aurions aimé présenter les résultats d'une analyse détaillée de l'expérience et des réalisations du mouvement coopératif québécois dans ce domaine.

Malheureusement, un malentendu nous a empêché de consacrer à cette question l'attention que nous aurions aimé. Nous savons d'autre part que votre Commission a pris les moyens d'obtenir



de quelques coopératives des renseignements techniques découlant de leur expérience. Nous savons également que les Fédérations les plus immédiatement intéressées ont pris des dispositions pour compléter les informations contenues dans ce mémoire. La Coopérative Fédérée de Québec se présentera devant votre Commission à une date ultérieure pour compléter les renseignements. La Fédération des Magasins Co-op vous présentera son mémoire à la suite du nôtre. Pêcheurs-Unis de Québec a tenu à déléguer des représentants à notre comparution, et enverra directement à votre Commission les informations demandées.

Sens de notre témoignage:

Voilà pourquoi nous avons pensé que la meilleure contribution que nous puissions apporter à votre Commission dans les circonstances serait de préciser les modalités de l'action du mouvement coopératif qui s'inscrit dans le champ des préoccupations de votre Commission, et d'indiquer les principaux moyens généraux qui, selon l'expérience coopérative, rendront possible un meilleur équilibre des prix au niveau des producteurs primaires et des consommateurs.

LE MOUVEMENT COOPÉRATIF DU QUÉBEC

1 - Quelques données générales:

Le mouvement coopératif de la province de Québec est aujourd'hui le fait de plus d'un million de personnes qui se recrutent au sein des classes populaires et moyennes. Ces personnes



possèdent, administrent et contrôlent des entreprises économiques variées dans lesquelles elles ont engagé des capitaux considérables. Vous avez au bas de la page quelques chiffres qui indiquent l'importance des capitaux. Ces personnes cherchent à satisfaire par l'action coopérative plusieurs besoins économiques, qui peuvent être classifiés de la façon suivante :

a) Besoins d'organisation de la production primaire et de sa mise en marché. (Coopératives agricoles, coopératives de pêcheurs, coopératives forestières); en particulier, qui font ce travail;

b) Besoins d'organisation de la distribution (coopératives de consommation);

c) Besoins de finance (caisses populaires, qui sont des coopératives mixtes d'épargne et de crédit);

d) Besoins de sécurité (sociétés fraternelles et mutuelles d'assurance-vie, d'assurance-générale, d'assurance feu et d'assurance-santé);

e) Besoins de certains autres services (coopératives d'habitation, de transport, d'aqueduc, de téléphone, d'arts domestiques, de taxi, de frais funéraires, de loisirs, et l'on devrait ajouter, coopératives d'électricité);

Pour satisfaire ces besoins, les québécois se sont unis dans quelque 2,250 coopératives.

Afin d'augmenter leur efficacité, les coopératives se sont pour la plupart associées



à leur tour pour former des organisations centrales, appelées fédérations, qui prolongent leur action économique propre, leur donnent des services techniques et leur assurent une plus grande unité d'action.

En plus, pour favoriser la coordination de leurs activités et faciliter la propagande et l'éducation, elle ont constitué le Conseil de la Coopération du Québec. Si vous référez à l'appendice I, vous avez là quelques mots sur la structure du Conseil de la Coopération du Québec et aussi sur la composition de son administration. Nous avons pensé que ces renseignements vous aideraient à déterminer le caractère représentatif du Conseil de la Coopération du Québec.

Prises dans leur ensemble, les coopératives disséminées à travers la province de Québec jouent un rôle économique et social dont l'importance dépasse l'expression purement mathématique de leurs résultats. Cette importance vient principalement du fait que les coopératives travaillent à un niveau stratégique de l'organisation économique et qu'elles permettent l'intégration harmonieuse des préoccupations et des valeurs démocratiques et humaines dans la poursuite de certaines opérations économiques chez nous.

2 - Caractères principaux des coopératives:

Une coopérative est une association de personnes qui, prenant conscience de besoins qu'elles ont en commun, s'unissent librement et volontairement



pour se donner le moyen de les satisfaire elles-mêmes, de la façon qu'elles jugent le plus conforme à leur intérêt et à l'intérêt général, en mettant sur pied une entreprise dont elles assument la propriété, participent sur une base d'égalité au contrôle, constituent elles-mêmes les usagers et se partagent les excédents annuels en prenant pour mesure leur apport respectif aux opérations. Il importe de mettre en relief non pas leur capital mais certains éléments de cette définition.

a) La coopérative réunit la notion d'entrepreneur et celle d'utilisateur, et elle le fait de telle façon que l'entreprise ou le réseau d'entreprises ainsi constitué est sous la dépendance directe et totale de ses usagers. Elle est en d'autres termes une entreprise de service et non de rapport. Il s'ensuit que les décisions administratives ne sont pas prises seulement en fonction du rendement maximum, mais surtout par le souci de rendre véritablement service aux sociétaires-utilisateurs (on peut dire indifféremment propriétaires-utilisateurs ou sociétaires-utilisateurs). Aussi, est-il difficile d'isoler l'entreprise de ses utilisateurs-propriétaires; c'est en bénéfices globaux accumulés par celle-là et ceux-ci qu'il faut évaluer son efficacité.

b) Dans la coopérative, l'entrée et la sortie sont libres et volontaires.

c) Dans la coopérative, le contrôle est exercé par les sociétaires sur la base démocratique (un homme, un vote).



d) Dans la coopérative, les excédents d'opération sont répartis sur la base des affaires traitées par chacun des sociétaires avec l'entreprise, et non en proportion du capital que chacun y a investi.

e) Dans la coopérative, le capital est considéré comme un instrument, un serviteur. A ce titre, si on lui verse un intérêt, celui-ci est limité. Il s'agit là d'un salaire fixe et déterminé à l'avance, indépendant des résultats de l'entreprise.

f) Les sociétés coopératives composées de membres individuels ne représentent que le premier stade de l'organisation coopérative. Afin de mettre à leur disposition les avantages que comporte la concentration financière, administrative et technique, ces sociétés primaires, créées pour satisfaire les besoins de leurs membres, tendent à leur tour à établir entre elles et au dessus d'elles des associations qui auront à satisfaire leurs propres besoins communs. Il s'agit d'une structure fédérative où chaque unité supérieure est possédée et contrôlée par les unités inférieures.

3 - Modalités de la contribution coopérative:

a) Aspect général

D'une façon générale, nous croyons que le mouvement coopératif est, aux mains des classes laborieuses, un moyen de plus en plus efficace de consolider leur position économique, leur permettant de s'adapter plus facilement aux conditions chan-



geantes d'une économie en développement, et de bénéficier plus pleinement des avantages du progrès moderne.

Le mouvement coopératif offre en effet aux gens à revenu modeste la possibilité d'accéder à la propriété et au contrôle d'entreprises économiques variées selon une formule adaptée à leurs moyens. Cette dissémination de la propriété et du contrôle d'entreprises économiques est très précieuse, peut-être chez nous plus que partout ailleurs, à cause précisément de notre manque de traditions dans ce domaine. Nous croyons qu'il n'est pas indifférent pour l'avenir de notre économie qu'un quart ou plus de nos gens soient les propriétaires et les administrateurs d'entreprises économiques nombreuses qui sont près de leurs préoccupations de tous les jours, et qui travaillent sans réticence à la satisfaction d'un ou plusieurs de leurs besoins économiques.

Les institutions qui le composent jouent le rôle d'entreprises témoins et introduisent un élément de saine concurrence dans certains secteurs de notre vie économique. Cette concurrence originale est pour nos classes populaires la meilleure garantie d'obtenir pour leurs produits, et de payer pour les biens et services nécessaires à leurs besoins des prix aussi justes que possible.

En permettant au peuple de participer de façon directe et intelligente aux décisions économiques, et particulièrement à celles qui le touchent de plus près, le mouvement coopératif constitue un



secteur démocratique à l'intérieur de l'économie. En tant que tel, son rôle apparaît de plus en plus important à mesure que dans une économie de plus en plus centralisée, les décisions sont prises par un nombre de plus en plus restreint d'individus.

b) Quelques aspects particuliers

Fondées sur les besoins, c'est en fonction d'eux que les institutions coopératives se développent et contribuent au progrès général. Sans entrer dans les détails, voici les domaines particuliers qui intéressent votre Commission, et dans lesquels les besoins nous semblent les plus caractérisés;

1/ Production primaire:- Les producteurs primaires (cultivateurs et pêcheurs en particulier) ont été affectés considérablement par l'évolution économique des dernières années. Leurs exploitations ont subi l'influence et même la concurrence des autres industries. Leur importance économique relative décroît; leur nombre est à la baisse. De plus en plus ils dépendent des marchés nationaux et internationaux.

Cela implique une transformation complète de perspectives et d'attitudes de leur part. Ils doivent être une élite de véritables hommes d'affaires pour se faire un revenu raisonnable et bénéficier des avantages de l'ère d'industrialisation actuelle. Ils doivent de plus en plus se préoccuper des problèmes d'investissement et de rentabilité. Ils doivent analyser de plus en plus chacune de



leurs opérations, en assurer l'équilibre et les rendements, faire des budgets et des bilans, en d'autres termes administrer leur exploitation comme une véritable entreprise. Quand on sait les implications techniques et scientifiques de chacune des productions, on comprend le besoin d'informations pratiques et de directives sûres qu'ont présentement les producteurs.

Pour conduire efficacement leurs coopératives, les producteurs doivent acquérir tout un ensemble de données administratives, financières et techniques, dont il se trouve qu'ils ont justement un très grand besoin pour la conduite efficace de leur propre entreprise. Il leur faut également acquérir une discipline de plus en plus rigide dans la conduite de leurs opérations, et il se trouve que leurs coopératives leur demandent de plus en plus, pour les bien servir, cette même discipline.

De plus, par leur organisation coopérative, ils font, à tous les échelons, l'effort constructif et bâtissent la puissance économique propre à leur donner justice. Enfin, ils appliquent, complètent et rendent plus fructueuses les politiques établies pour leur éviter d'être étouffés par des coûts de revient grandissants et des prix de vente à la baisse.

Dans cette perspective, le mouvement coopératif remplit déjà et remplira à l'avenir un rôle irremplaçable dans l'organisation de la production primaire.



2/ Distribution: La contribution du mouvement coopératif dans le domaine de la distribution des biens de consommation est déjà intéressante et devrait s'accroître à l'avenir.

Comme c'est le cas dans la plupart des pays jeunes, la population de notre province ne s'est guère encore vraiment préoccupée des problèmes de la distribution, et en particulier de la distribution des biens de consommation. L'essor considérable de notre économie a amené nos concitoyens, leurs associations à quelques exceptions près, et même l'Etat, à considérer surtout les problèmes de production et des producteurs. Tout le monde semble prendre pour acquis que les problèmes d'approvisionnement, de coût de la vie, etc... se règlent de façon raisonnablement satisfaisante, et qu'il n'y a pas lieu de s'en préoccuper outre mesure.

Tout de même, le moindre fléchissement dans les affaires, le moindre ralentissement dans la production ou la moindre baisse dans les prix aux producteurs font voir les défauts de la situation générale actuelle.

Les milieux ruraux, et les cultivateurs en particulier, se sont les premiers préoccupés de leurs problèmes d'approvisionnement. C'est ainsi que leurs coopératives agricoles ont vite acquis une importance considérable dans leur approvisionnement en marchandises d'utilité professionnelle; grains, moulées, insecticides, machinerie agricole, etc. Leur rôle dans ce domaine devient de



plus en plus important.

C'est aussi dans les campagnes que les consommateurs ont senti les premiers le besoin de s'unir pour devenir leurs propres marchands et obtenir coopérativement les marchandises nécessaires à leurs familles. Leur expérience actuelle est très intéressante de même que celle de quelques villes, petites et moyennes, et laisse entrevoir que les coopératives de consommateurs joueront un rôle de plus en plus important, à mesure que se diffusera l'éducation économique dans notre population, et à mesure que disparaîtront l'espèce d'inconscience et de laisser-aller des années passées.

Les coopératives de consommation joueront alors pleinement leur rôle de protectrices des consommateurs moyens. Elles constitueront un groupe-témoin permettant de juger de l'efficacité du réseau de distribution et un moyen de mettre plus d'ordre dans la distribution elle-même. Elles aideront les consommateurs à mettre une plus grande discipline dans leurs achats, et à exercer une plus grande influence dans la fixation des prix des biens de consommation.

LE MOUVEMENT COOPERATIF ET LES PRIX

L'exposé général que nous venons de faire indique déjà le rôle de régulateur des prix que joue le mouvement coopératif dans le domaine de l'alimentation. Mais nous aimerions y ajouter quelques considérations plus précises sur le rôle que jouent



les coopératives dans la diminution des écarts des prix, et sur les conditions qui doivent être remplies à notre point de vue pour que ces écarts soient réduits au minimum dans une économie libre.

Nous savons que dans la mesure où le produit alimentaire subit des transformations successives après être sorti des mains du producteur, l'écart grandit entre le prix que le producteur a reçu et celui que paie le consommateur. Il y a un écart de prix qui est inévitable, et qui nous semble juste lorsqu'il correspond à un perfectionnement du produit.

Mais nous savons également que cet écart est amplifié, et dans certains cas de façon considérable, par les charges que prennent certains intermédiaires, et qui ne sont pas en relation avec le service rendu ou le perfectionnement du produit. Le réseau, complexe de distribution des biens de consommation, basé sur de la recherche du profit, est dispendieux pour les consommateurs, et d'autant plus que sous les dehors d'une vive concurrence, "l'ensemble de l'appareil prend l'aspect d'une vaste conspiration contre la famille et ses intérêts économiques".

Nul ne saurait nier que le ménage, désireux de tirer de son revenu le meilleur profit possible sur le marché, se heurte à de fortes résistances qui obligent l'acheteur à se poser constamment les trois questions suivantes:

1 - que choisir dans l'abondante, voire excessive multiplicité des biens offerts à l'achat?



2 - quels sont les signes distinctifs de la qualité?

3 - quels sont les prix réellement avantageux?

La concurrence dans laquelle les entreprises se sont engagées a eu pour conséquence que, dans la mesure où ils ne sont pas dominés par quelques grandes maisons, les marchés regorgent d'innombrables variétés de marchandises qui se disputent la faveur du consommateur.

La multiplicité des sortes rend l'acheteur perplexe, d'autant plus qu'il ne peut généralement pas porter un jugement personnel sur les avantages et les insuffisances des marchandises qui lui sont présentées.

On peut dire que ce manque de critère sûr de la qualité est une des faiblesses particulières du marché moderne des biens de consommation.

Le consommateur cherche à se tirer d'affaire en se fiant au prix comme indicateur de qualité. Malheureusement, l'expérience montre que l'on ne peut accepter le prix comme mesure de la qualité.

Dans ces circonstances, on a fort justement pu dire que, contrairement à l'affirmation d'une ancienne idéologie, le consommateur n'est pas le roi du marché, mais qu'en réalité il est sans défense dans l'effort qu'il fait pour connaître le marché.

Mais ce n'est pas tout. L'affaire se complique encore: le consommateur qui n'arrive



pas à s'orienter sur le marché est happé par les tentacules des méthodes modernes de vente qui, mettant à profit son indécision, cherchent à lui suggérer des désirs déterminés en faisant appel aux instincts les plus primitifs de l'homme. Le succès obtenu, "qui se traduit par l'afflux des espèces sonnantes et trébuchantes," prouve l'excellence de la méthode. En principe, il n'y a rien à objecter à l'action publicitaire, ni au système du crédit à la consommation; mais on ne saurait nier que dans des centaines et des milliers de cas, ces moyens sont mis en oeuvre pour abuser et exploiter le consommateur.

Le mouvement coopératif a comme conséquence de réduire la zone intermédiaire entre le producteur et le consommateur. Il est à notre avis le moyen permanent et le plus sûr d'améliorer la situation. Il permet en effet:

1o/ Aux producteurs primaires, cultivateurs et pêcheurs de prolonger leur influence jusque sur le marché, et de simplifier certains des procédés de mise en marché, retenant pour eux les bénéfices prix par les intermédiaires, et augmentant d'autant le prix reçu pour leurs produits.

2o/ Aux consommateurs de rejoindre les producteurs au niveau du marché, de normaliser et d'ordonner la distribution et d'en remettre les bénéfices aux consommateurs. La coopération peut réaliser cette tâche parce qu'elle tire la



la famille de son isolement et lui facilite l'organisation rationnelle de sa consommation.

Pour que se réalise ce progrès souhaitable, il faut d'abord que les consommateurs acceptent de modifier leur comportement. Voilà pourquoi le service le plus précieux qui peut être rendu à la population nous apparaît être la diffusion constante d'informations couvrant les principaux phénomènes d'organisation du marché, ainsi que des normes sûres permettant aux consommateurs de porter un jugement sain sur la qualité relative des produits qui leur sont offerts.

Une opinion éclairée des producteurs et des consommateurs, et éclairée au point d'être active, nous semble être la condition préalable essentielle pour donner à notre système de distribution des denrées et autres produits de consommation, une efficacité raisonnable, et contenir dans les limites minima les écarts de prix.

APPENDICE I

a/ Structure du Conseil de la Coopération du Québec.

Le Conseil est formé de 4 catégories de membres:

1 - Les Fédérations de secteurs, qui y représentent les coopératives qui leur sont affiliées (8 fédérations groupant un total de 2,250 caisses populaires et coopératives de production, de consommation, et de services)

2 - Les coopératives à grand territoire, sous le nom de Coopératives provinciales



3 - Les coopératives qui exercent leur activité dans un domaine où il n'y a pas encore de fédération, sous le nom de Coopératives Diverses.

4 - Les institutions et associations d'envergure provinciale qui s'intéressent activement au mouvement coopératif, sous le nom d'Institutions Para-coopératives.

b/ Composition de son Conseil d'administration.

I FEDERATIONS DE SECTEURS

1 - Union des Mutuelles-Vie:

M. J.-Emile Lussier, Directeur des ventes pour le Québec de l'Association Canado-Américaine.

M. Florian Carrière, Secrétaire général de l'Union Saint-Joseph du Canada.

2 - La Coopérative Fédérée de Québec:

M. Roméo Martin, Assistant gérant général.

M. Louis Larochelle, Membre du Conseil d'administration.

M. Isidore Martin, Vice-président de la Coopérative Agricole de Granby.

3 - La Fédération des Coopératives d'Habitations:

M. Romer Gauthier, Président.

M. Albert Wright, Membre du conseil d'administration.

4 - La Fédération des Caisses Populaires Desjardins

M. Abel Marion, Président.

M. Emile Girardin, Vice-président.

M. J.-J. Caron, Membre de l'Exécutif.

Hon. Cyrille Vaillancourt, Gérant.

M. Paul-Emile Charron, secrétaire adjoint.



5 - L'Alliance des Coopératives de Consommation:

M. Armand Goulet, Président.

M. Marc Chouinard, Membre du Conseil d'administration.

6 - Pêcheurs-Unis de Québec:

M. C.-E. Désourdy, Gérant général.

M. Guy Bernier, Trésorier.

7 - La Fédération des Cies d'Assurance Mutuelle
contre le feu:

M. J.-R. Paiement, Président.

M. Romuald Gagnon, Membre du Conseil d'administration.

8 - La Fédération des Chantiers Coopératifs de
l'Ouest Québécois.

M. Joseph Laliberté, Président.

M. Odilon Boutin, Gérant.

II COOPERATIVES PROVINCIALES:

1 - La Société des Artisans: M. Louis-Philippe Savard, Directeur de la Vente.

2 - Les Services de Santé du Québec:

M. Jacques de la Chevrotière, gérant général.

3 - Les Producteurs de Sucre d'Erable:

M. Gilles Croteau, Secrétaire.

4 - L'Union St-Joseph du Canada: M. Joseph

Trépanier, administrateur.

III COOPERATIVES DIVERSES:

M. Jean-Paul Poulin, Gérant de la Coopérative d'Electricité de Mont-Laurier.

IV INSTITUTIONS PARA-COOPERATIVES:

M. Napoléon Leblanc, Directeur du Centre de Culture Populaire, Faculté des Sciences Sociales, Laval.

M. J.-L. Descôteaux, Directeur du Service de l'Economie Rurale, Ministère de l'Agriculture, Québec.



M. Louis-Philippe Boily, C.T.C.C.

Mme P. Daigle, Guilde Féminine (La Familiale,
Mtl).

OFFICIERS:

Président: M. Roméo Martin.

Vice-président: M. Paul-Emile Charron.

Secrétaire: M. Léo Bérubé.

--- EXHIBIT No. 60: Mémoire du Conseil de la Coopé-
ration du Québec.

M. LE COMMISSAIRE COUVRETTE: Maintenant, je comprends qu'un autre mémoire doit nous être présenté, au nom des Magasins Coopératifs. Je crois cependant qu'il serait préférable de poser des questions d'abord sur ce qui vient de nous être soumis, parce que le sujet traité sera quelque peu différent, du moins en autant que je puisse le comprendre.

Après en avoir discuté avec mes collègues, ils préféreraient entendre l'autre partie du mémoire avant de passer à la période des questions.



MEMOIRE DE
LA FEDERATION DES MAGASINS CO-OP.

COMPARUTIONS:

M. Armand Goulet	-	Président général
M. Jacques Towner		Gérant général
M. Benoît Morneau	-	Assistant gérant

- - - - -

M. ARMAND GOULET: Monsieur le président, Madame et Messieurs les commissaires, la Fédération des Magasins CO-OP approuve intégralement le mémoire présenté par le Conseil de la Coopération du Québec. Cependant, elle désire compléter ledit mémoire en ajoutant quelques préoccupations du secteur coopératif de la consommation.

1 - Ecart de prix:

A - Les causes:

Le consommateur sait bien que le producteur doit produire pour la consommation. Il a certes droit à un juste profit comme le consommateur a droit à un juste prix.

Le problème du producteur, face au consommateur, c'est de produire normalement et de vendre normalement.

La question de vendre normalement intéresse notre secteur au plus haut degré et, à notre avis, la clé du problème du producteur y est située.

Car il faut de toute évidence discipliner et moraliser les circuits de distribution afin d'assurer



le jeu normal de la libre concurrence. Il faut mettre un terme au scandaleux contraste entre les baisses considérables du cours des denrées agricoles à la campagne et les baisses à peine sensibles dans les grandes villes. Certes, la question est complexe. D'un côté, le producteur réclame une part plus équitable du prix du détail; de l'autre côté, le consommateur s'irrite des prix élevés du détail. Cependant, nous pouvons conclure immédiatement que les préoccupations des producteurs et des consommateurs - loin d'être opposées - sont solidaires.

L'écart entre les prix au producteur et les prix au consommateur est dû à plusieurs causes dont en voici quelques-unes:

1 - Les Intermédiaires:

Le producteur et le consommateur ne peuvent admettre que l'écart soit intercepté au passage par les intermédiaires dont le but est non la fonction économique mais uniquement le profit. Les intérêts communs de ces deux catégories militent pour la réduction du nombre des intermédiaires et pour que cette fonction soit remplie par des organismes dont le but est le service comme les associations de producteurs, les coopératives et les services gouvernementaux.

A notre avis, il y aurait profit à supprimer le courtier en produits alimentaires dont le rôle semble onéreux surtout dans la distribution des produits saisonniers: conserves de légumes, conserves de fruits, conserves de poisson, etc.



2 - Les contenants:

Les manufacturiers de produits alimentaires cherchent à présenter aux consommateurs leurs produits dans des contenants faits pour plaire et attirer bien plus que pour contenir la marchandise.

3 - La publicité:

La publicité monstre qui est faite - tant par le manufacturier que par le détaillant - n'a pour but que d'attirer la clientèle. Elle néglige de renseigner le consommateur sur l'utilité et les effets de tel ou tel produit. La publicité l'embrouille bien plus qu'elle ne l'aide quand elle ne défait pas les calculs budgétaires.

4 - Les primes:

Les primes sont nettement un facteur de la hausse des prix. Ce sont des instruments de vente inutiles qui endorment le consommateur. Il y en est de même pour les tirages, concours, etc.

5 - La multiplicité des marques et des produits:

Le consommateur est désorienté - face à tant de marques et de produits - les uns excellents, les autres passables - parce qu'il ne connaît pas la valeur alimentaire de tel ou tel produit.

Le détaillant est pris dans l'engrenage et voit augmenter ses frais d'opérations.

6 - Les hauts salaires aux ouvriers:

7 - Les taux de transport

8 - Les magasins à chaînes:

Les magasins à chaînes n'ont pas contribué



à réduire sensiblement les frais d'opérations du commerce de détail de l'alimentation. Ils ont déplacé le pouvoir d'achat du consommateur en leur faveur. A notre avis, ils sont la cause de l'augmentation de l'écart de prix pour les raisons suivantes:

a - Intégration horizontale:

Les chaînes de magasins tendent à la concentration. Elles cherchent à monopoliser le commerce de détail en alimentation. Elles reçoivent des manufacturiers des escomptes annuels de quantité que ne peut obtenir le marchand indépendant.

b - Intégration verticale:

Les chaînes de magasins désirent contrôler la consommation et la production. De plus en plus, les mêmes intérêts financiers contrôlent des chaînes de magasins, des entreprises de transformation de produits alimentaires et souvent, des industries primaires.

Lorsque l'intégration sera complète, le producteur et le consommateur seront à la merci des intermédiaires.

c - Publicité et primes:

En appliquant la technique de la mise en marché à un haut degré, les chaînes de magasins ont fait appel à une publicité monstre et à une distribution de primes parfois trompeuses.

B - Les remèdes:

1 - Les Coopératives de consommation:

Si l'on pouvait éliminer un certain nombre d'intermédiaires et faire remplir la fonction



de distribution par le producteur et le consommateur réunis, le problème de vendre normalement serait grandement atténué. Il existe un organisme pour répondre à ces exigences, c'est la coopérative de consommation.

La coopérative de consommation - parce que tout le monde est consommateur - est le lieu de rencontre entre les producteurs et les consommateurs. Ils ont des besoins communs et le domaine de la coopération de la consommation est un facteur de rapprochement sur le plan local comme sur le plan provincial. Il ne peut en être autrement, vu qu'ils sont tous tendus dans un effort commun vers un même idéal. De plus, en vertu du caractère démocratique de la coopération, ils s'accordent réciproquement la même valeur dans les décisions à prendre et dans l'effort à donner. Producteurs et consommateurs s'assemblent dans la coopérative de consommation, se contrôlent s'il y a nécessité et s'entraident par le partage des biens matériels, des mêmes risques et des mêmes buts.

Il existe dans la province de Québec 145 coopératives affiliées à la Fédération des Magasins Co-Op (voir en annexe "A" le bilan consolidé de 72 coopératives de consommation).

Le but de la Fédération des Magasins Co-op est de procurer aux coopératives des produits alimentaires (épicerie sèche) au meilleur prix possible.



Une analyse de l'état de ses opérations - comparé à deux entreprises d'épicerie en gros de la ville de Québec - est significative à ce sujet.

Désirez-vous que je lise tous ces chiffres?

M. LE COMMISSAIRE COUVRETTE: Non, vous pouvez vous abstenir de les lire.

M. GOULET: Merci, monsieur le président.

2 - Suggestions:

A notre avis, pour favoriser la rencontre et la protection des classes de la société, pour assurer au producteur un juste profit et au consommateur un juste prix, nous suggérons les moyens suivants:

a) Protéger le commerce de l'indépendant et des coopératives par l'établissement d'une Banque d'Expansion Commerciale. Cette dite banque aurait pour fonction principale de fournir à l'épicier indépendant et à la coopérative la finance nécessaire à la modernisation ou à la construction d'entreprises commerciales de produits alimentaires. Autrement, nous craignons que les chaînes de magasins créent au Canada la même situation qu'ils ont créée aux Etats-Unis. Le gouvernement fédéral aide la grande industrie et les industries primaires. Il néglige les entreprises commerciales. Cependant, tous s'accordent pour dire que la réduction la plus considérable du coût de la distribution est au niveau du détail.

b), Renseigner le consommateur sur l'utilité, la qualité et le coût des produits alimentaires.



Le gouvernement fédéral possède des moyens aptes à une telle fonction: Radio-Canada, l'Office National du Film, etc.

c) Favoriser l'expansion du mouvement coopératif par les mesures suivantes:

1 - l'adoption de mesures législatives nécessaires au progrès de la coopération. Nous suggérons une loi fédérale régissant le secteur coopératif.

2 - L'établissement de banques pour les coopératives telles que celles qui existent aux Etats-Unis sous la juridiction du "Farm Credit Administration".

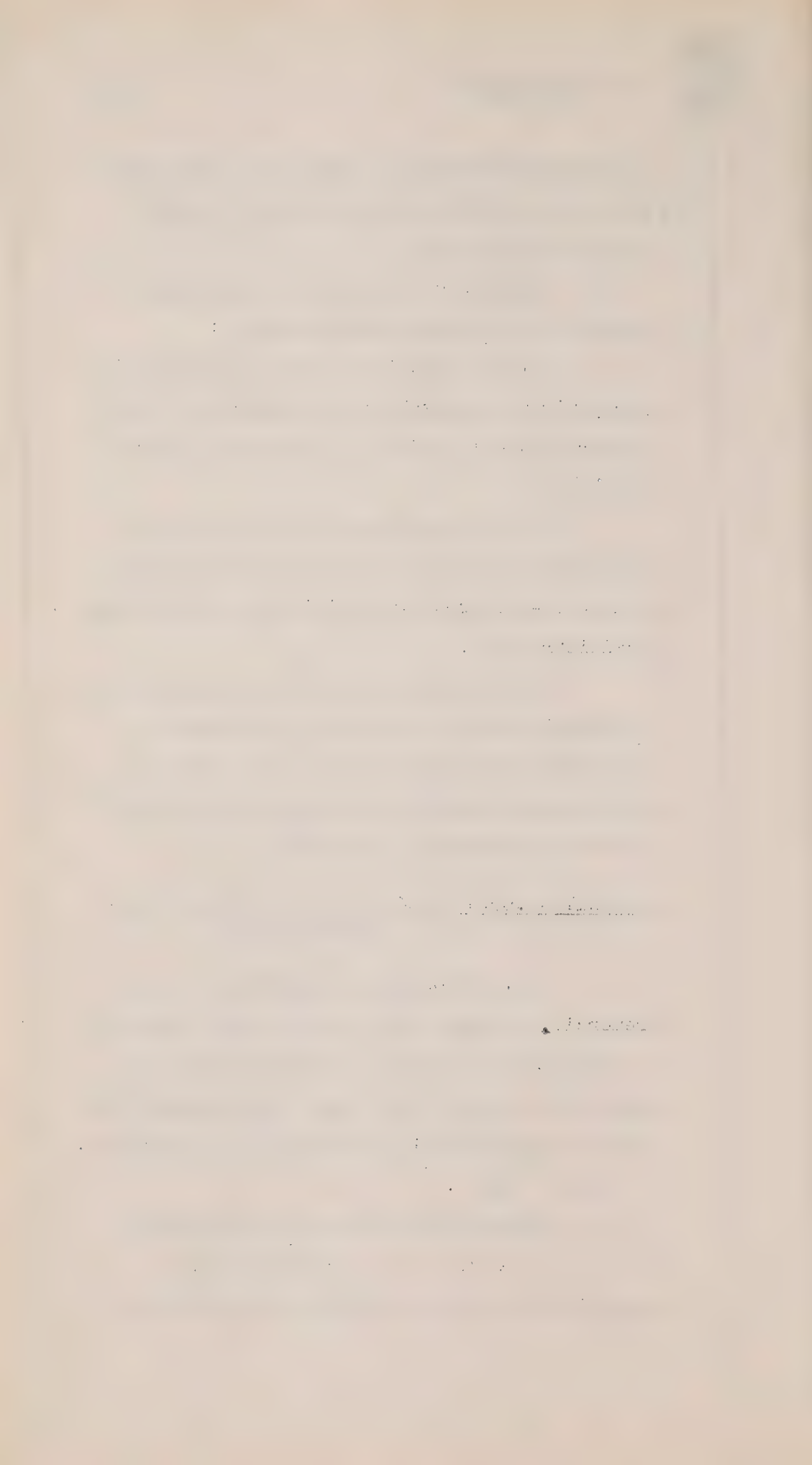
Nous remercions M^{rs}. les commissaires de nous avoir permis de présenter notre mémoire. Nous sommes assurés que leur travail sera une grande contribution à la prospérité économique de toutes les classes de la société.

EXHIBIT No.60(a): Mémoire de la Fédération des Magasins Co-op.

M. LE COMMISSAIRE COUVRETTE: Je vous remercie. Seulement une question avant que vous ne laissiez votre siège. Peut-être l'avez-vous expliqué en quelque part, mais votre mémoire est celui de la Fédération des Magasins Coopératifs?

M. GOULET: Oui.

M. LE COMMISSAIRE COUVRETTE: Vous mentionnez à la page 4 que "le but de la Fédération des Magasins Co-op est de procurer aux coopératives





des produits alimentaires (épicerie sèche) au meilleur prix possible". Alors, les 145 coopératives affiliées à la Fédération sont-elles des magasins d'épicerie sèche uniquement?

M. GOULET: Pas nécessairement, nous avons des magasins généraux de campagne, des marchands généraux.

M. LE COMMISSAIRE COUVRETTE: Dans quelle proportion, diriez-vous?

M. GOULET: Le gérant général pourrait vous dire cela.

M. TOWNER: Nous vendons des produits alimentaires dans une proportion de 85%.

M. LE COMMISSAIRE COUVRETTE: 85% seraient des épiceries?

M. TOWNER: C'est ça.

M. LE COMMISSAIRE COUVRETTE: Alors, pour en arriver à la période des questions, je comprends que M. Bérubé se fera l'interprète pour présenter ceux qui répondront aux questions?

M. BERUBE: Oui, je les présenterai.

M. LE COMMISSAIRE COUVRETTE: Alors, je crois bien que comme il s'agit de coopératives, nous ne courons aucun mauvais risque en confiant les questions à M. Martin. Conséquemment, je vais demander à M. Martin de commencer les questions.

M. LE COMMISSAIRE MARTIN: Je vous remercie beaucoup, au nom des commissaires. I would like to say that I did not have anything to do with the preparation of those briefs. Furthermore, I



should like to say that I am usually the one who has to answer some questions coming from those people; today will be an opportunity forme to ask them some, and I hope they will do their best to answer them honestly, as I usually do.

Nous allons commencer parle mémoire soumis par le Conseil de la Coopération du Québec.

M. LE COMMISSAIRE COUVRETTE: Nous pourrions peut-être désigner le mémoire du Conseil de la Coopération du Québec comme numéro 1 et celui de la Fédération des Magasins Co-op comme numéro 2.

M. LE COMMISSAIRE MARTIN: Très bien.

Dans le dernier paragraphe de la première page, et je m'excuse auprès des représentants du Conseil de la Coopération si mes questions sont assez directes, vous dites "Il faut mettre un terme au scandaleux contraste entre les baisses considérables du cours des denrées agricoles...". Je m'excuse, je m'aperçois que je lis du mauvais mémoire, mais j'y reviendrai. Le scandale viendra plus tard.

Pour en revenir au mémoire no 1 - et vous n'avez rien perdu pour attendre - à la page 3, sous le titre "Caractères principaux des coopératives", au paragraphe (a), vous exprimez l'idée d'efficacité, et à la page 4 également, sous le titre "Modalités de la contribution coopérative" et ses aspects généraux, vous exprimes cette idée d'efficacité. Voulez-vous dire que l'efficacité technique en elle-même n'est pas, par définition, en même



temps, ou n'explique pas, par définition, cette efficacité économique; ou autrement dit, l'efficacité technique peut-être vaut en soi, mais appliquée dans un milieu donné, elle peut n'être pas nécessairement économique? Est-ce bien l'idée que vous voulez exprimer? Voudriez-vous commenter un peu là-dessus?

M. BERUBE: Je pense, monsieur le président, qu'à chaque fois qu'on parle de l'efficacité d'une entreprise, on parle de son aptitude à régler de façon normale ses problèmes, soit de transportation, de mise en marché, de transformation, etc., et d'autre part, on peut avoir une quantité d'entreprises qui sont techniquement efficaces, mais qui sont alliées ensemble, d'une façon ou d'une autre, et qui peuvent être dans l'ensemble pas financièrement économiques. Alors, quand on dit par exemple que l'efficacité a été faite dans la coopérative, elle est augmentée par l'organisation de fédérations. Eh bien, nous croyons qu'à ce moment-là, l'efficacité a été faite. Cela suppose d'autre part que chacune des organisations, d'abord les coopératives locales et les fédérations, obtiennent un degré d'efficacité raisonnable. Maintenant, l'Association ajoute une autre efficacité, et tous les membres bénéficieront de cela, mais en même temps l'efficacité technique acquise à un niveau plus élevé lui revient. Cela se complémente, ces deux choses-là. Au point de vue économique, les membres de la coopérative se trouvent partagés de façon plus efficace, du moins lorsqu'ils



appartiennent à un réseau d'entreprises et ils étendent leur action beaucoup plus loin que leur propre entreprise personnelle. Est-ce que cela répond à votre question?

M. LE COMMISSAIRE MARTIN: Est-ce qu'une technique en elle-même peut être efficace et, en même temps, sur le plan général, je dirais économique, non efficace? Une technique peut être en elle-même parfaitement efficace, mais peut-elle être, dans son application quotidienne, inefficace?

M. BERUBE: Bien, comme je comprends la question, il me semble que cela dépend, son efficacité économique dépend de son adaptation. Une technique efficace, cela dépend de son adaptation aux circonstances qui l'environnent. On peut avoir des machines électroniques dans une entreprise et ne pas rendre service si autour d'elles il n'y a pas un agencement d'opérations qui fait que cette organisation s'applique véritablement et que les renseignements qu'elles donnent vont véritablement être utiles aux autres. Je ne sais pas si l'efficacité technique de perfection dans l'accomplissement d'une tâche, particulièrement l'efficacité économique globale voudrait dire l'agencement de toutes ces opérations techniques et économiques dans un état d'harmonie qui travaille véritablement pour les buts généraux pour lesquels toutes organisations existent.

Par exemple, de ce temps-ci, on parle de complexe de certaines organisations.



Si l'on a des entreprises techniquement efficaces et qui, ensemble, sont liées de telle façon que l'ensemble de cette machinerie travaille véritablement pour le producteur primaire d'un côté, et pour le consommateur d'autre part, on a une chance que la zone des écarts des prix, et qu'enfin l'organisation de la distribution se fasse d'une façon raisonnable et économique, quelle que soit l'économie, et si ce n'est pas cela, on peut avoir des méthodes techniques parfaites, mais dont l'ensemble n'est pas assez joint, puisqu'il en résulte une organisation qui n'est pas économiquement inefficace.

M. CHARRON: Monsieur le président, voulez-vous savoir si l'on doit traiter d'efficacité technique, d'efficacité économique et d'efficacité sociale?

M. MARTIN: Vous avez très bien compris.

M. CHARRON: Je réponds non. Quand on parle d'efficacité technique, on est dans le domaine de l'art. Quand on parle d'efficacité économique, on n'est plus dans le domaine de l'art, on est dans le domaine de l'art et de la science qui relève de la morale, parce^{que}/quand on parle de science économique, on parle aussi de science morale, parce que c'est là qu'est le complexe, et c'est justement cette distinction qui nous oblige à distinguer l'efficacité économique et l'efficacité sociale. En plus, pour pouvoir avoir des techniques comme telles, qui sont tout à fait



efficaces, mais pas nécessairement efficaces du point de vue économique, il faut, au fait vous pouvez avoir une économie mal orientée qui est efficace pour les fins, pour la poursuite du but, mais pas nécessairement efficace au point de vue efficacité sociale, si l'on peut dire.

M. LE COMMISSAIRE MARTIN: Pourvu que cela reste dans le domaine de l'écart des prix, je n'ai pas d'objection.

M. CHARRON: Je fais la distinction, parce que dans mon esprit, on ne peut pas confondre nécessairement l'économie technique, économique et sociale. Je crois que ces trois choses sont tout à fait distinctes, qui peuvent s'identifier à certains moment, et vous pouvez avoir à un moment donné une efficacité technique qui coïncide avec une efficacité économique, et vous pouvez avoir une efficacité économique qui coïncide avec une efficacité sociale. Si vous avez une économie bien axée, orientée, sur les fins d'une économie comme telle, qui sont des fins sociales, en autant que les fins économiques s'identifient avec les fins sociales.

M. LE COMMISSAIRE MARTIN: Autrement dit, vous estimez que toutes les techniques, si parfaites soient-elles, ne peuvent pas nécessairement recevoir une application qui serait au bénéfice de l'économie, c'est-à-dire au bénéfice de chacun des individus ou comme consommateurs?

M. CHARRON: Oui. Vous avez par



exemple une grande entreprise comme l'Aluminum Company of Canada, qui peut avoir des techniques de production tout à fait efficaces; ce sont des techniques. Il y a l'efficacité économique de cette entreprise, qui est une toute autre chose que son efficacité technique. Il y a ensuite de cela, l'efficacité sociale de l'entreprise, qui est une autre chose, dans mon esprit.

M. LE COMMISSAIRE MARTIN: L'efficacité sociale n'intervient dans les écarts des prix que dans la mesure où elle affecte la vie quotidienne, autrement dit?

M. CHARRON: Juste pour les fins de la discussion, pour essayer de mieux élucider ma pensée.

M. LE COMMISSAIRE MARTIN: A la page 5 de votre mémoire, sous le titre "Quelques aspects particuliers" et référant au paragraphe "Production primaire", vous référez au nombre décroissant des producteurs primaires et de leur importance économique relative, et à la page 6, au deuxième paragraphe, parlant de l'organisation des coopératives, vous dites que les coopérateurs s'appliquent à essayer d'éviter "d'être étouffés par des coûts de revient grandissants et des prix de vente à la baisse". A la suite de ce qui est dit ici, et si je comprends bien que les coopératives s'appliquent à éviter des prix de vente à la baisse, autrement dit, des diminutions de prix, si cela s'applique au niveau des coopératives de



producteurs, si elles s'appliquent à éviter des diminutions de prix, elles s'appliquent probablement à l'établissement de prix à un niveau plus élevé? Est-ce que cette politique-là n'est pas en définitive une des causes de l'augmentation, ou ne peut pas être une des causes de l'augmentation du prix des produits à la consommation?

M. BERUBE: Monsieur le président, je pense que l'on rejoint la question de tout à l'heure, avec celle-ci. Je pense que c'est une résultante de l'efficacité économique, de la formule que l'on vient de donner. C'est que l'écart de prix ou l'augmentation du prix de vente que la coopérative permet au producteur de recevoir, cette augmentation vient soit de la simplification du procédé de mise en marché, soit de son efficacité économique ou technique, ou soit de la façon, de l'élimination de certains intermédiaires qui s'interposent entre le producteur lui-même et le marchand.

D'autre part, si l'on se place du point de vue du consommateur, la diminution du coût de la vie, et conséquemment de l'action de la coopérative dans le domaine de la consommation, vient d'un côté de la disparition du bénéfice sur une gamme d'intermédiaires, partant du niveau du conditionnement jusqu'au consommateur. C'est une première cause.

Deuxièmement, la diminution ou la disparition du profit, dans tous les échelons, est

remise au consommateur. Des économies sont réalisées dans toutes ces opérations-là et, par conséquent, dans certains cas, il arrive cette simplification du processus de distribution qui fait réaliser des économies dont bénéficie le consommateur. Alors, cette diminution des deux côtés, pour le consommateur et pour le producteur primaire, se fait même sans conséquence désastreuse pour un ou pour l'autre, parce que le producteur va jusqu'au marché, au niveau où se situent les prix, et le consommateur vient le rejoindre. Alors, cela peut se réaliser, sans que d'un côté personne n'en souffre.

M. LE COMMISSAIRE MARTIN: Autrement dit, vous ne parlez pas de l'élimination de ce que l'on peut appeler les fonctions de l'intermédiaire, mais vous estimez que si d'une part le producteur, grâce à son propre effort, accomplit certaines des fonctions de l'intermédiaire, et que d'autre part, le consommateur accomplit aussi certaines fonctions de l'intermédiaire, il y a une possibilité de réduire l'écart, parce que chacun de ces deux groupes, le producteur et le consommateur, exerce un certain effort qui, éventuellement, peut leur être profitable, mais ceci n'implique pas dans votre idée l'élimination de ce qu'on peut appeler les fonctions de l'intermédiaire?

M. BLRUBE: Non, parce que les produits, quand ils sortent de la main du producteur, ne sont pas en état d'arriver à la table du consom-



mateur. Il y a un travail qui est fait sur ces produits-là, qu'on ne peut éliminer; il y a le transport, le conditionnement et, il va sans dire, l'entreposage nécessaire à certains points de vue. Tout cela est nécessaire et ne peut pas être éliminé, du moment que c'est fait normalement. Tout cela est normal et nécessaire. La transformation, le "processing", comme on dit en anglais, inclut ce travail qui est important.

L'écart augment entre le prix brut qu'a reçu le producteur et celui que va payer le consommateur. Cela, je pense que ce sont des fonctions qu'il faut conserver, si l'on veut avoir des produits qui sont véritablement adaptés au consommateur, mais je crois qu'il est possible, dans l'application du mouvement coopératif, d'essayer de mettre ordre et de prendre, de faire en sorte que le producteur, d'une part, et le consommateur, de l'autre, assume des responsabilités qu'il n'assume pas dans le moment, et c'est là, je pense, au point de vue général, la généralisation de cette formule coopérative. Etant donné les principes qui sont à la base même de l'entreprise, parce que d'un côté, les producteurs travaillent sur leurs propres produits, et d'autre part, les consommateurs viennent sur le marché, poussés par leurs propres besoins, ils apprennent à savoir ce dont ils ont besoin. A la longue, je pense qu'on en arrive à cette simplification de production et à la zone intermédiaire qui est nécessaire et



de laquelle on ne conteste pas les fonctions nécessaires.

M. LE COMMISSAIRE COUVRETTE: Me permettriez-vous de demander une question ici, et je la soumets à M. Bérubé. Au bas de la page 7 de votre mémoire, au dernier paragraphe, vous dites "Mais nous savons également que cet écart est amplifié, et dans certains cas de façon considérable, par les charges que prennent certains intermédiaires, et qui ne sont pas en relation avec le service rendu ou le perfectionnement du produit". Alors, en regard de ce que vous venez de dire, ce n'est pas à la fonction elle-même que vous vous en prenez, ce n'est pas à l'individu, puisque vous considérez que la fonction est absolument nécessaire? Je me demande si vous pourriez nous éclairer et nous dire dans quel cas cet écart est amplifié d'une façon considérable par des charges de certains intermédiaires dans le domaine alimentaire?

M. BERUBÉ: Ecoutez, il y en a; je ne pourrais pas vous faire une énumération complète, mais on peut dire, par exemple, qu'il y a certaines fonctions qui peuvent se simplifier et, d'autre part, dans les fonctions qui existent actuellement, il y en a certainement qui sont trop dispendieuses.

Premièrement, à mon sens, le profit, et deuxièmement, le coût de la publicité.

Actuellement, il y a une publicité qui, je pense, est inutile, ou plutôt je parle de celle



qui est utile, celle qui contribue à faire connaître honnêtement le produit, à le décrire véritablement, à le rendre plus présentable au consommateur, à le mettre à sa disposition, et qui le décrit en termes honnêtes, et qui le rend familier au consommateur. Mais malheureusement, si vous regardez la publicité qui est faite actuellement, il y a beaucoup de publicité qui est faite simplement pour frapper, qui ne donne pas, qui n'ajoute rien à la qualité du produit, qui ne décrit pas le produit tel qu'il est, et qui donne souvent une impression un peu fausse du produit, et cela se paye, parce que c'est ajouté au coût du produit au consommateur, et quand on pense aux sommes d'argent qui se dépensent en publicité, cela contribue à augmenter le prix d'une façon sensible.

Vous avez aussi le coût de vente au distributeur; cela s'applique moins, si vous le voulez, dans le domaine de l'alimentation, mais le coût de ces ventes-là est très important.

Vous avez par exemple une surcharge ou suroutillage dans la distribution de certains produits, et si vous me permettez un certain exemple, juste dans le domaine de la distribution du lait, j'ai l'impression que les charges du distributeur, le coût de la distribution du lait en général pourrait être diminué de plusieurs sous la pinte s'il y avait un peu d'ordre de mis dans la quantité de voitures qui sont à la porte de chaque consommateur. Fréquemment, on voit sept



ou huit camions qui passent dans la même rue, pour effectuer la livraison du lait; il me semble qu'il y aurait moyen de simplifier un peu ce processus.

Maintenant, ce n'est pas seulement cela, c'est l'ensemble...

M. LE COMMISSAIRE COUVRETTE: Vous avez énuméré plusieurs facteurs qu'on peut diviser en deux catégories, soit ceux qui relèvent des fonctions proprement dites, et selon ce que j'ai compris tout à l'heure dans votre réponse à M. Martin, c'est que si le producteur et le consommateur font la fonction eux-mêmes, ils peuvent supprimer la personne qui est l'intermédiaire, mais ils ne suppriment pas la fonction, et certainement lorsque le producteur primaire, d'une part, fait plus qu'il ne fait actuellement, et que le consommateur fait de même, il y a une dépense qui ne se supprime pas, qui existe véritablement, n'est-ce pas?

Pour ce qui a trait à l'autre catégorie que vous avez mentionnée, celle de la publicité, on peut probablement discuter longtemps sur ce sujet-là, parce qu'il y a probablement un certain nombre d'exemples qui pourraient être cités afin de prouver que la publicité, en plus d'augmenter fortement le volume de ventes, a contribué à diminuer le prix et non pas à l'augmenter.

M. BLRUBE: Je pense que nous revenons toujours à cette question fondamentale: il y a



certaines choses qui ne peuvent pas être enlevées, mais je suis convaincu qu'il y a moyen de mettre un peu plus d'ordre dans certains domaines, et c'est ce que les coopératives qui s'intéressent un peu dans la zone intermédiaire ont fait, elles ont simplifié certains produits.

M. LE COMMISSAIRE COUVRETTE: Comme je vous le disais, c'est relativement à la deuxième catégorie, et ensuite vous avez mentionné la question du profit, ce qui entraînerait des discussions sur la notion du profit. Alors, je crois qu'il est préférable de s'arrêter là pour cet après-midi, parce qu'on pourrait en parler longtemps.

Cependant, je ne voudrais pas laisser dire que le profit est une chose illégitime, n'est-ce pas?

M. LE COMMISSAIRE MARTIN: Monsieur le président, je pense que M. Pelletier, qui représente les pêcheurs, voudrait ajouter quelque chose à la réponse déjà donnée.

M. PELLETIER: J'appuie d'emblée la réponse que M. Bérubé vient de donner.

Cependant, il faut toujours se rappeler, lorsqu'il a dit que la situation idéale serait de rapprocher le producteur du consommateur et le consommateur du producteur, autant que possible par les organisations coopératives, il n'a pas dit, comme vous semblez l'avoir compris, qu'il voulait éliminer la fonction de l'intermédiaire, parce qu'il y a certaines fonctions d'intermé-



diaires qui doivent exister, pour la transformation, par exemple.

Cependant, il y a une différence entre un intermédiaire ou une organisation d'intermédiaires dont le seul but est de réaliser un profit énorme et une organisation coopérative qui offre les produits au prix coûtant. C'est sur ce point que je voudrais expliquer la différence.

Le producteur voudrait autant que possible, aller le plus loin possible pour préparer certains produits, et le consommateur voudrait venir le plus près possible du producteur, mais toujours parce que les organisations coopératives sont des organisations sans profit, parce que ce qui reste à la fin de l'année, elles le donnent à leurs membres, tandis qu'un particulier, en dehors, le fait avec une notion de profit, et c'est ce profit-là qui augmente l'écart des prix, tandis que les coopératives rendent le consommateur le plus près possible du producteur et le producteur le plus près possible du marché. Il n'est pas question de profit, parce que si elles en prennent trop, à la fin de l'année, soit que l'organisation des producteurs le remette aux producteurs, ou au consommateur si c'est l'organisation des consommateurs. Alors, il y aura une réduction de l'écart des prix.

M. LE COMMISSAIRE MARTIN: Est-ce que vous indiquez, parce que vous venez de dire, disons entre des organisations coopératives et des orga-



nisations non coopératives, qu'il n'y a pas, comme telle, de différence dans la considération de la notion de profit? Il y a une distinction à faire, ou vous en faites une plus exactement dans la répartition de ce qui reste après la transaction?

M. PELLETIER: Voici; c'est ça, mais c'est plus que ça. La coopérative ne vise pas à un profit pour son organisation. Elle vise surtout à un service et non à un profit. Normalement, elle va prendre un peu plus, si vous voulez, pour ce service, pour arriver à boucher son budget, mais à la fin de l'année, ce surplus qu'on appelle aussi trop-perçu - on n'appelle pas cela un profit - ce qu'elle a perçu en trop, elle le remet au producteur ou au consommateur. Alors que l'organisation capitaliste garde ses profits pour les remettre en dividendes à ses actionnaires, l'organisation coopérative remet le trop-perçu à ses membres.

M. LE COMMISSAIRE COUVRETTE: Les coopératives payent des taxes sur ces profits?

M. PELLETIER: Oui.

M. LE COMMISSAIRE COUVRETTE: Il faut ajouter cela, en garder une partie?

M. PELLETIER: Oui; la coopérative est exactement sur le même pied que n'importe quelle autre organisation.

M. LE COMMISSAIRE COUVRETTE: Nous allons peut-être faire une incursion dans le domaine qu'on a appelé l'utopie, mais il semble



que d'après ce qui s'est dit jusqu'à maintenant, ainsi que ce que vous venez de dire qu'il n'y a pas de doute dans votre esprit, et peut-être dans le mien aussi, mais pour le moment, il semble qu'il n'y a pas de doute que la formule idéale de mettre ordre dans à peu près tout cela serait la formule coopérative?

M. LEPPIETIER: Pas tout, il y a certaines exceptions qui viendraient confirmer la règle générale.

M. LE COMMISSAIRE COUVRETTE: Vous avez parlé principalement de principes tout le long de votre mémoire, et je reste dans le domaine des principes, et cela nous mène logiquement - et évidemment personne ne pense que cela puisse mener là, car c'est là que cela devient de l'utopie - à dire que tout soit mené ou conduit par la formule coopérative?

M. LEPPIETIER: On peut en avoir le désir, mais de là à le réaliser, il y a trop d'eau dans la rivière.

M. LE COMMISSAIRE COUVRETTE: Si tout était conduit selon la formule coopérative, et c'est là ma question, qu'advierait-il des revenus que retire le gouvernement des corporations et des particuliers, et de plus, les allocations, enfin toute l'utilité de ces taxes?

M. PELLETTIER: Je crois qu'il n'y aurait aucune différence?

M. LE COMMISSAIRE COUVRETTE: Il n'y aurait aucune différence sur le système actuel?



M. PELLETIER: Oui.

M. LE COMMISSAIRE COUVRETTE: Expliquez-moi cela?

M. PELLETIER: Ce que l'on remet à l'individu, que ce soit une organisation de producteurs qui le remette aux producteurs, ou une organisation de consommateurs qui le remette à ses membres consommateurs, l'individu est taxable directement; alors, que cela soit taxé à la compagnie ou à l'organisation centrale, ou l'individu, le pouvoir central n'y perd absolument rien.

M. LE COMMISSAIRE COUVRETTE: Peut-être qu'en principe, et j'en conviens, j'ai tort, mais je vous pose la question suivante: Lorsque cela revient morcelé, entre les coopérateurs, est-ce que le rendement de la taxe est le même que lorsqu'il est perçu à même les profits?

M. PELLETIER: Moi, je ne le sais pas. Si j'étais le ministre des Finances, je pourrais vous donner des statistiques. J'ai entendu dire déjà que la taxe perçue de l'impôt sur le revenu des particuliers était plus élevée que l'impôt perçu sur le revenu des compagnies.

M. LE COMMISSAIRE COUVRETTE: Oui, sans doute, mais cela....

M. PELLETIER: Elle les affecte au moins certainement plus.

M. LE COMMISSAIRE COUVRETTE: Je ne dis pas que les revenus proviennent des dividendes que retirent les compagnies. A tout événement, je pense



que vous avez dit que vous ne le saviez pas, et moi non plus.

M. BERUBE: Je ne voudrais pas éterniser la question, mais si l'on me posait une question comme celle-là, il faudrait essayer d'imaginer des conditions qui seraient changeantes, car l'existence d'un mouvement coopératif, je ne pense pas qu'on puisse le juger avec une règle de six pouces, et l'Etat, qui à ce moment-là, pourrait être rendu à six pieds. Il n'est pas difficile de juger avec les normes actuelles, comme celle qui s'est développée dans certains pays qui ont employé plus complètement la formule coopérative. Il y a plusieurs facteurs qui varient considérablement; il faudrait tous les analyser avant de les adopter.

M. LE COMMISSAIRE COUVRETTE: Vous admettez tout de même que c'est une question qui se pose, sans savoir où cela mène. Personnellement, je recherche aussi consciencieusement que vous la vérité. J'aurais aimé que les coopérateurs me donnent la réponse.

M. MARCOTTE: Au sujet des taxes, encore là le mode de perception qui existe actuellement, que cela vienne de la part des corporations ou non, c'est toujours l'individu, c'est toujours Baptiste qui paye, et dans l'éventualité de l'établissement du monde utopique dont vous parlez, les charges administratives de l'Etat seraient beaucoup moins lourdes qu'elles le sont actuellement, parce que si l'on tient compte de tous les facteurs requis pour



être producteur, et peut-être qu'il en est de même pour certaines organisations, il y a certains services spéciaux qui leur coûtent les yeux de la tête, tel par exemple l'assurance-santé, cela serait les individus eux-mêmes qui le payeraient, et s'il fallait à ce moment-là trouver des moyens de percevoir des taxes, cela serait beaucoup inférieur à ce que cela est actuellement.

M. LE COMMISSAIRE COUVRETTE: Nous sommes d'accord, c'est toujours l'individu, proportionnellement à ses moyens, qui paye les frais de l'Etat. Seulement dans un système de ristourne, n'est-ce pas, tant que la proportion des coopératives reste minime, cela n'obère pas un budget administratif, mais dans l'éventualité où cela deviendrait général, d'après votre proposition et en tant qu'on peut juger d'après l'étude actuelle, l'écart des prix diminuerait également, parce qu'à ce moment-là il faut que chaque individu paye plus d'impôts et compense pour les taxes qui seraient enlevées des mains du gouvernement par l'absence des profits des compagnies, n'est-ce pas?

THE CHAIRMAN: Mr. Martin, Mr. Couvrette and I will continue this argument amongst ourselves.

M. LE COMMISSAIRE COUVRETTE: A tout événement...

M. PELLETIER: Je suis certain d'une chose, c'est qu'advenant la situation utopique que vous avez mentionnée, je suis convaincu qu'il y a des experts légaux qui trouveront le moyen d'aller chercher l'argent où il se trouve.



M. LE COMMISSAIRE MARTIN: On a parlé tout à l'heure comme moyen ou possibilité de réduire l'écart des prix en définitive, de rapprocher, par des efforts faits par les uns et les autres, c'est-à-dire les producteurs et les consommateurs, de rapprocher dis-je ces deux groupes. Toutefois, dans l'économie actuelle qui n'est pas, je dirais, plus particulière à notre pays, est-ce que ce que l'on appelle la spécialisation du travail n'éloigne pas davantage ces deux groupes, les producteurs primaires et les consommateurs, et dans ce cas-là, comment conciliez-vous le rapprochement que vous indiquiez comme pouvant aider à réduire les écarts de prix, et la situation, de fait, dans laquelle on se trouve, où les deux groupes sont forcément éloignés l'un de l'autre? Je ne sais pas si ma question est claire ou non?

M. BERUBE: Comme je le disais tout à l'heure, dans le mémoire, nous savons qu'à mesure que les classes deviennent plus distinctes et que le conditionnement du produit devient de plus en plus considérable, l'écart a tendance à augmenter, et la seule façon de l'arrêter, je pense, s'il est possible de l'arrêter, ce serait soit de simplifier, dans une certaine mesure et autant que possible, ces travaux-là, parce qu'il faut admettre, je pense, qu'il y a une surorganisation dans certains domaines, par exemple la multiplicité des emballages, il y a des choses, je pense, que dans une économie faite par le consommateur ou



financée indirectement par le consommateur, il y a des choses qui pourraient se simplifier. J'ai à l'esprit certains détails, ce n'est pas nécessaire de donner cela, mais il y a cela, et d'autre part, il faut, si les consommateurs, d'un côté, et les producteurs de l'autre obtiennent plus pour leurs produits, on restreint l'écart au strict minimum, et c'est ça qui est important. Il ne s'agit pas de parler en termes absolus et d'indiquer qu'il faut diminuer l'écart des prix, mais l'importance relative, c'est-à-dire le compenser et le réduire au minimum, et compenser par un revenu additionnel au niveau des producteurs, et un pouvoir d'achat accru chez les consommateurs afin de combattre cet écart de prix qui va aller s'élargissant, mais c'est l'importance relative, dans l'ensemble d'une organisation économique qui compte.

M. LE COMMISSAIRE MARTIN: Iriez-vous jusqu'à dire que si les producteurs trouvent leurs prix trop bas et si les consommateurs trouvent les prix qu'ils payent trop élevés, ils n'ont qu'à prendre leurs responsabilités et essayer de remplir, à leur bénéfice accru, les fonctions d'intermédiaires?

M. BERUBE: Je crois qu'ils n'ont pas d'autre solution permanente. Il peut y avoir des solutions temporaires qui enlèvent une certaine liberté à l'économie, mais je pense que sur une période, c'est la seule solution permanente, et si les consommateurs, d'un côté, et les producteurs



de l'autre, ne sont pas contents de leur situation, la première chose, et la plus avantageuse pour eux, surtout s'ils veulent rester dans une économie libre, c'est de prendre eux-mêmes, à leur charge, la responsabilité de faire ces choses-là.

La deuxième, c'est de demander à l'Etat d'imposer des contrôles et d'essayer de ramener le monde dans des limites plus restreintes, de sorte que cela peut présenter des inconvénients:

M. PELLETIER: M. Bérubé a mentionné tout à l'heure un exemple qui m'a bien frappé, et c'est celui de la question du lait. En général, le consommateur paye actuellement au cent livres, si vous voulez, un montant de \$8.80 ou quelque chose comme cela. Par contre, le producteur qui exploite la ferme, qui a engagé son capital sur l'outillage, qui peine pendant 365 jours pour produire son lait, n'en retire que \$4.25 du cent livres, pendant que celui qui en fait la distribution et la transformation retire plus que le producteur qui a engagé son capital dans l'exploitation de la ferme, et son salaire pris à même cela, je trouve qu'il y a un écart de prix trop élevé.

Vous me direz peut-être que c'est dû à la liberté de chaque consommateur d'acheter de la laiterie ou du laitier de son choix, c'est bien vrai, mais faites une enquête en ville, à Québec, à Montréal, dans les grandes villes, et vous verrez que pour une bâtisse qui compte six



logements, il peut y avoir six laitiers différents, ce qui, à mon avis, est inutile.

M. LE COMMISSAIRE MARTIN: Monsieur Pelletier, me permettez-vous de vous demander si cet état de choses est directement la responsabilité ou la faute du distributeur, ou est-ce la responsabilité ou la faute du consommateur? Si c'est la responsabilité du distributeur, évidemment, les consommateurs ont peut-être des raisons d'acheter d'eux; mais si c'est la responsabilité du consommateur, je me demande si l'on peut blâmer le distributeur?

M. PELLETIER: Non. Il y a la responsabilité du producteur, celle du consommateur, ainsi que la responsabilité du distributeur et, peut-être celle de l'Etat.

Alors, quelle est la démarcation, en pourcentage, on ne peut pas le dire, mais je sais qu'il y a au moins quatre responsabilités, il y en a quatre qui sont intéressés là-dedans.

M. LE COMMISSAIRE MARTIN: A votre avis, tout le monde est un peu coupable et chacun voudrait que le voisin le soit entièrement?

M. PELLETIER: C'est ça.

M. CHARRON: Il y a une chose certaine, c'est qu'on ne peut reprocher aux producteurs et aux consommateurs l'inefficacité de s'organiser eux-mêmes.

M. PELLETIER: Et lorsqu'on fait un examen de conscience, on a l'habitude de faire "mea culpa" sur la poitrine des autres, et jamais sur la nôtre.



M. LE COMMISSAIRE MARTIN: Il faudrait changer de méthode.

Je voudrais maintenant demander deux questions en marge du mémoire numéro 2, celui de la Fédération des Magasins Coopératifs, et je désire maintenant revenir à ma question scandaleuse.

A la première page du mémoire, il est dit: "Il faut mettre un terme au scandaleux contraste entre les baisses considérables du cours des denrées agricoles à la campagne et les baisses à peine sensibles dans les grandes villes". Cela me fait toujours un peu peur lorsqu'on emploie des mots semblables. Puis-je vous demander de me rendre moins craintif, si possible?

M. TOWNER: Nous avons employé le terme "scandaleux" au point de vue du consommateur. M. Pelletier vient de vous donner un exemple d'un écart de prix assez considérable dans l'industrie laitière.

On peut aussi donner l'exemple classique de la viande, du boeuf qui se vend, au niveau du producteur. Le producteur reçoit 35c. ou 36c. la livre pour le boeuf, et le détaillant le vend \$1.00 ou \$1.25 la livre, quand il est comestible, et je devrais dire "mangeable".

M. LE COMMISSAIRE MARTIN: \$1.25 la livre pour toutes les coupes?

M. TOWNER: Non, mais les parties "mangeables", et ce qu'il y a de plus, et là où est le problème, c'est que la viande est un aliment indispensable



à une nourriture adéquate, et souvent les familles sont obligées de s'en passer, même quand on a un excellent revenu.

Alors, c'est là un exemple, et ensuite M. Pelletier me faisait penser à l'exemple de la morue, où ce poisson est payé au plus trois sous la livre au pêcheur et que le détaillant le vend environ 35c. ou 40c. la livre. Ce sont des exemples d'écarts considérables, et évidemment, le consommateur ne peut se les expliquer.

M. LE COMMISSAIRE MARTIN: Maintenant, n'est-il pas exact de dire que dans le domaine de la viande, par exemple, le prix auquel vous référez s'applique à l'animal - nous parlons du boeuf, il va sans dire - poids vif, et que le prix est déjà doublé du fait qu'il est mort, parce que l'on a réduit son poids de 50%; autrement dit, on l'a vidé? N'est-il pas exact aussi de dire que la carcasse d'un animal n'est pas faite ou composée entièrement de viande? Il y a des os pour porter cela, et quand vous référez au prix, disons de 20c. ou 22c. la livre, poids vif, et \$1.00 ou \$1.25 la livre pour la viande, et qu'il peut y avoir peut-être un écart trop considérable - je ne le sais pas - mais ne se fait-on pas une fausse idée en rapprochant tout simplement les deux prix? N'y a-t-il pas de l'exagération dans l'idée qu'on se fait de la marge véritable qui peut exister, et la même chose n'est-elle pas vraie dans le cas du poisson où, par exemple, dans les filets de bonne qualité, on n'utilise pas plus qu'un tiers



du poids vif? Alors, l'écart peut être beaucoup moins selon les circonstances, et ne pensez-vous pas que la simple mention de ces deux chiffres extrêmes est de nature à créer, éventuellement, un peu de confusion? Autrement dit, est-ce qu'ils traduisent bien tous les faits?

M. TOWNER: Non. il y a là des éléments sur lesquels le consommateur n'est pas renseigné, qu'il ignore. Ce serait peut-être au producteur ou encore à d'autres organismes de renseigner le consommateur sur ce sujet-là. Il n'en reste pas moins que le consommateur s'irrite devant de tels faits et que le produit soit payé si bon marché au producteur. En somme, le consommateur n'a pas de sympathie pour le producteur, mais son problème, c'est qu'il paye trop cher pour le même produit rendu au détaillant.

M. PELLETIER: Lorsque vous avez parlé du boeuf tout à l'heure, il est entendu que lorsqu'un animal est voué à l'abattoir, il est payé sur le prix mort, par exemple 25c. ou 30c. la livre, c'est le prix abattu. Alors, si un animal pèse 500 livres, abattu, il va être payé 25c. ou 30c. la livre, mais lorsque vous dites par exemple que cet animal-là n'est pas composé uniquement de viande et qu'il y a aussi des os, c'est vrai, mais seulement quand la ménagère va acheter un T-Bone steak, elle a l'os, elle paye pour et elle paye \$1.00 ou \$1.10 la livre. Quand le producteur le vend, il le vend avec les os; il reçoit 30c. la livre pour la viande et les os,



et une ménagère paye \$1.00 ou \$1.10 pour un T-Bone steak, elle paye les os, et c'est là qu'elle trouve cela trop cher. Ce que la Fédération mentionne dans son mémoire, ce sont les baisses trop subites des prix, par exemple, qui n'ont pas leur répercussion immédiate chez les détaillants. C'est ce qui est important.

Prenez le porc, par exemple. On le paye 30c. la livre au cultivateur et le porc se vend 50c. la livre. Et supposons que le prix au cultivateur baisse de 4c. la livre, chez l'épicier ou le boucher, le prix ne baisse pas. Par contre, si le prix augmente de 2c. la livre, il va augmenter de 3c. chez l'épicier et le boucher. C'est ça que les gens ne veulent pas, et c'est ce que la Fédération des Magasins Co-op a mentionné, que les baisses des prix ne se font pas sentir chez les détaillants.

M. LE COMMISSAIRE MARTIN: Si j'ai bien compris, vous parliez d'une baisse de 4c. dans le prix d'une carcasse de porc, et en réalité si l'on transporte cette diminution de prix au niveau du détaillant, croyez-vous - et je dis la transporter uniquement - que la diminution au niveau du détaillant peut être de 4c. la livre pour toutes les coupes?

M. PELLETIER: Non, parce que la ménagère est prévenue, si l'on peut dire, mais il n'y a aucune baisse dans ce cas-là; par contre, s'il y a augmentation, comment expliquez-vous que la



baisse ne se fait pas sentir pour la ménagère, mais lorsque le prix est haussé de 2c. le prix du détaillant peut hausser de 3c. ou 4c; le prix du porc a augmenté de 2c., mais les coupes ont augmenté de 4c. et même 5c. la livre?

M. LE COMMISSAIRE MARTIN: Seulement une autre question, monsieur le président, et je ne suis pas sûr que vous ne l'ayez posée vous-même. A tout événement, je l'avais notée, et je voudrais la faire porter un peu aux gens qui sont vis-à-vis moi.

Dans le même mémoire, vous parlez de contenants, de publicité, de primes, de multiplicité de marques et de produits. En somme, vous en parlez comme étant des facteurs responsables de l'écart des prix. N'est-il pas exact que dans une économie comme la nôtre, afin de réduire au minimum tous les frais de finance, d'administration et de capitalisation, il faille rechercher un volume plus considérable d'affaires, et ce volume plus considérable d'affaires réalisé par les entreprises n'est-il pas de nature à réduire le coût général de leurs opérations? Alors, ces dépenses que vous mentionnez à l'item des contenants, de la publicité, des primes, de la multiplicité des marques et des produits, si ces facteurs-là ont pour effet, en définitive, d'accroître le volume des ventes, n'y a-t-il pas compensation? Autrement dit, ou supposons que ces dépenses-là ne soient pas faites, l'écart des prix serait-il



réduit proportionnellement, parce que le volume des ventes pourrait être inférieur, et par conséquent les charges fixes doivent tout de même être absorbées. Est-ce que cela n'augmente pas l'écart des prix?

M. PELLETIER: Cela serait fixe à condition... c'est à cause du volume, et on a cet exemple-là dans certaines grandes organisations qui ont réduit leur coût d'opération, mais on peut se poser la question: est-ce qu'on en fait bénéficier le consommateur ou le producteur? Jusqu'à présent, la preuve est au contraire, parce qu'ils l'ont mis dans leurs poches.

M. LE COMMISSAIRE MARTIN: Vous dites que ces organisations-là ont réduit leur coût d'opération et vous dites qu'elles n'en ont pas fait bénéficier le producteur ou le consommateur. N'est-il pas exact de dire que le coût administratif ou les différents item de dépenses sont augmentés, que l'intérêt sur les emprunts est plus élevé qu'il l'était, et qu'en dépit de l'augmentation de la productivité, du produit, du travail, alors que le coût de la main d'oeuvre dans les opérations a augmenté, n'est-il pas exact, dis-je, de dire en même temps que les marges brutes n'ont pas augmenté dans ces entreprises-là? C'est donc dire que si les marges brutes ont augmenté, cela doit vouloir dire qu'ils ont passé une partie de leurs économies ou au producteur ou au consommateur?

M. PELLETIER: Non, je ne le crois pas. Même si la marge de profit brut n'a pas augmenté, justement à cause de cette diminution des frais



d'opération, c'est probablement parce qu'il y a eu certaines améliorations qui ont amené ces frais d'opération là, qui ont été diminués d'un certain côté. Autrement dit, le volume d'affaires n'est pas le profit brut d'une organisation, et à moins que ce ne soit une organisation coopérative, on le sait plus ou moins.

Cependant, on sait une chose, c'est qu'on croit pouvoir dire qu'actuellement l'écart des prix n'a pas été réduit par cette diminution des frais d'opération; c'est simplement cela que je voulais dire; la diminution des frais d'opération n'a pas concouru à diminuer l'écart des prix qui existe actuellement.

M. LE COMMISSAIRE MARTIN: N'a-t-elle pas aidé à l'empêcher d'augmenter?

M. PELLETIER: Non plus.

M. CHARRON: En somme, les grandes entreprises, en raison du problème de la concurrence, tendent de plus en plus à une plus grande productivité et à l'amélioration technique du volume. Alors, se posent deux questions: le font-elles uniquement dans le but d'élargir leur marge de bénéfice ou de profit, ou dans le but de réduire le prix coûtant? Je pense bien que les grandes entreprises ont contribué à augmenter la productivité, c'est-à-dire en réduisant le coût par unité de production, elles ont contribué à baisser le prix et aussi à augmenter le bénéfice même.

Je pense que les grandes entreprises



canadiennes et américaines font les deux; en réduisant le coût par unité, elles peuvent partager, en raison de la concurrence entre le producteur et le consommateur, parce que ces grandes organisations-là, lorsqu'elles veulent faire de la publicité, elles obligent, elles demandent au consommateur et au producteur d'y participer.

M. LE COMMISSAIRE MARTIN: Vous parlez des agences coopératives?

M. PELLETIER: Des magasins à chaînes.

M. LE COMMISSAIRE COUVRETTE: Je crois que nous sommes dans le domaine des opinions, et si nous voulons nous servir d'opinions pour notre rapport, nous devons vous demander des statistiques ou des preuves écrites, de la conséquence de l'amélioration des grands magasins, des grandes entreprises sur les prix payés par les consommateurs. Somme toute, nous respectons vos opinions, mais je crois que nous sommes éclairés sur cette question-là.

M. PELLETIER: Vous avez dans le deuxième mémoire certains tableaux qui vous donnent des indications de pourcentage des marges brutes; ce sont des statistiques contrôlées.

M. LE COMMISSAIRE COUVRETTE: Nous en tiendrons compte.

M. LE COMMISSAIRE MARTIN: Pour revenir au mémoire numéro 1, à la page 8, vous référez au "manque de critère sûr de la qualité" et vous dites qu'à votre avis c'est "une des faiblesses particulières du marché moderne des biens de consommation". A la page 9, vous y revenez en



disant "que le service le plus précieux qui peut être rendu à la population nous apparaît être la diffusion constante d'informations couvrant les principaux phénomènes d'organisation du marché, ainsi que des normes sûres permettant aux consommateurs de porter un jugement sain sur la qualité relative des produits qui leur sont offerts". Avez-vous quelques recommandations précises ou particulières à formuler relativement à cette question?

M. BLERUBE: D'une façon générale, d'abord, il me semble que la diffusion de renseignements sur la qualité des produits, sur la façon dont sont classifiés les produits et contenants, de la valeur nutritive, il nous semble que c'est quelque chose qui est essentiel, si nous voulons que les consommateurs, d'une façon générale, puissent porter jugement, du moins sur les produits qu'ils ont à leur disposition. Si ces renseignements de base ne sont pas diffusés de façon constante, soit par une publicité spéciale pour les consommateurs, soit par les organismes publics de diffusion, comme le signalait le mémoire numéro 2 sur ce point, soit par la radio, la télévision, enfin par le film, par tous les moyens possibles, par les renseignements que donnent les différents ministères du gouvernement, les analyses de qualité des produits, afin que les gens aient un certain critère qui leur permette de contrôler ce que dit la publicité.



M. LE COMMISSAIRE MARTIN: Vous croyez que cela devrait être un peu la responsabilité des services publics d'élaborer ces fonctions?

M. BERUBE: C'est ça.

M. LE COMMISSAIRE MARTIN: Evidemment, cela devrait être aussi, un peu, j'imagine, la responsabilité des coopératives?

M. BERUBE: Oui; il faut qu'une ambiance soit créée; les dangers sont nombreux. Il n'y a pas une association de consommateurs, au Canada, je crois, qui pourrait réussir une entreprise comme cela. Il y en a une qui réussit très bien, mais il faut comprendre que c'est dans un pays où la population est beaucoup plus considérable que la nôtre, qui a à sa disposition près d'un demi million ou trois-quarts de million de dollars, qui lui ont permis d'avoir des laboratoires, de faire des analyses véritablement spécifiques des produits, et remettre à la raison, dans certains domaines, les magasins et ceux qui offrent des produits sur le marché. Je crois qu'il est pratiquement impossible pour les consommateurs canadiens de se lancer dans une chose comme celle-là, surtout dans un pays bilingue, où il faudrait deux publications, pour arriver à un résultat. Je pense qu'une association qui pourrait être financée seulement par les souscriptions des consommateurs ne pourrait pas atteindre ce résultat. C'est pourquoi je pense qu'il est important que les renseignements soient fournis par les organisations publiques qui



s'intéressent au bien commun, et je pense que l'Etat est le premier intéressé.

M. LE COMMISSAIRE MARTIN: Monsieur le président, ce sont là toutes mes questions. j'espère que je n'ai pas abusé de votre patience ni de leur bonne volonté.

M. LE COMMISSAIRE COUVRETTE: Pas du tout.

M. le commissaire Drummond est inquiet relativement à l'affirmation que vous faites à la page 3 du deuxième mémoire, où vous dites, au paragraphe (b) "Lorsque l'intégration sera complète, le producteur et le consommateur seront à la merci des intermédiaires". Cela semble être une affirmation, et M. Drummond voudrait avoir quelques mots d'explication à ce sujet-là.

M. TOWNLER: En somme, ici, par intégration, nous entendons l'intégration horizontale et l'intégration verticale, et à l'heure actuelle, les magasins à chaînes tendent à monopoliser le commerce.

On a vu les magasins Dominion acheter Thrift. C'est même plus qu'une intégration verticale, c'est que les mêmes intérêts cherchent à tout contrôler. Ainsi les intérêts Horsey qui contrôlent Dominion, contrôlent aujourd'hui le détail; non seulement ils veulent contrôler le détail, mais aussi la distribution.

Vous avez par exemple les mêmes intérêts qui contrôlent les jus de fruit, les intérêts Horsey, les produits Shirriff's, le thé Salada, et à un moment donné ils contrôlent et la vente au détail



et la transformation, et, peut-être dans certains cas, les industries primaires, comme mettre des poulaillers à leur disposition pour la vente des oeufs, eh bien, tout le commerce, tout le processus de la distribution sera entre les mains des mêmes intérêts qui pourront en somme faire ce qu'ils voudront.

M. LE COMMISSAIRE COUVRETTE: C'est hypothétique, mais la question de M. Drummond est celle-ci: est-ce qu'en soi, l'intégration verticale devrait avoir pour effet d'augmenter le coût de la vie et les prix, ou n'est-elle pas un moyen susceptible, au contraire, de diminuer les prix?

M. TOWNER: On peut en arriver à deux conclusions, mais si l'on prend l'exemple des Etats-Unis, où une chaîne de magasins en particulier a joué un rôle très important dans la distribution du commerce du détail; je veux parler des magasins A & P.

On a aussi l'exemple d'une chaîne de magasins qui a été poursuivie par le gouvernement des Etats-Unis pour des agissements monopolistiques. Ils ont été accusés d'avoir coincé le producteur et il y a eu jugement rendu contre eux.

M. LE COMMISSAIRE COUVRETTE: Somme toute, ce n'est pas tant le principe même de l'intégration verticale que vous trouvez mal, mais de son application....

M. TOWNER: C'est ça, dans son application.

M. BLURBE: Comme coopérateur, c'est-à-dire



à titre d'intéressé, soit comme consommateur ou producteur, nous sommes portés à porter des jugements qui peuvent surprendre, parce que dans une chose comme cela, il y a une influence considérable et le danger accru d'avoir des tendances monopolistiques, parce qu'elle est en activité pour son propre bien; d'abord, elle rend service, mais c'est une condition pour faire des bénéfices. Alors, le danger, et si elle est dans une position monopolistique, elle a toujours la tentation de profiter plutôt que rendre service au producteur ou au consommateur. C'est une situation à laquelle nous sommes très sensibles, comme représentants des producteurs et des consommateurs.

M. LE COMMISSAIRE COUVRETTE: Je vous remercie, au nom des commissaires, d'avoir bien voulu venir ici nous présenter des mémoires que je considère personnellement, et je pense bien que c'est l'avis de tous les commissaires, comme très intéressants et très, très bien présentés; ils seront certes de nature à nous éclairer.

Je demanderais maintenant à M. Stewart de bien vouloir reprendre la présidence de la séance.

LE PRESIDENT: Je tiens à remercier ceux qui ont bien voulu se présenter devant notre Commission, ici. D'autres séances se tiendront à Montréal à compter de demain, mercredi.

La séance est maintenant levée.

---Advenant 4.30 p.m., les séances sont ajournées à 10.00 a.m. le 15 octobre 1958, à Montréal, P.Q.



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TORONTO, ONTARIO

ROYAL COMMISSION ON PRICE SPREADS
OF FOOD PRODUCTS

Proceedings before the Royal Com-
mission on Price Spreads of Food
Products commencing at 10.00 a.m.,
Wednesday, October 15th, 1958, at
Montreal, Quebec.

CHAIRMAN:

Dr. Andrew Stewart

COMMISSIONERS:

Mrs. Dorothy Walton
Mr. J. Howard MacKichan
Mr. Romeo Martin
Mr. W. Malcolm Drummond
Mr. Cleve Kidd
Mr. Bernard Couvrette

Secretary

John A. Dawson

Assistant Secretary

A. A. Caron



Wednesday,
October 15, 1958

THE CHAIRMAN: Ladies and gentlemen, the Royal Commission on the Price Spreads of Food Products is very pleased to be opening its hearings in Montreal and it would appear that we will have two days of hearings in this city. I am sure I can speak on behalf of our two Montreal colleagues at least when I express our pleasure at being in this city and also on behalf of the others as well.

We will first of all have the Order in Council read, and I shall ask Mr. Dawson, the Secretary, to read the Order in Council in English and ask Mr. Caron, the Assistant Secretary, to read the Order in Council in French.

MR. DAWSON: P. C 1957 1632. Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 10th December, 1957.

The Committee of the Privy Council, on the recommendation of the Right Honourable John George Diefenbaker, the Prime Minister, advised that:

Dr. Andrew Stewart, Edmonton, Alberta
Mrs. Dorothy Walton, Toronto, Ontario
Mr. Howard MacKichan, Halifax, Nova
Scotia

Mr. Roméo Martin, Montreal, Québec
Dr. W. M. Drummond, Guelph, Ontario
Mr. Cleve Kidd, Toronto, Ontario, and
Mr. Bernard Couvrette, Montreal, Québec,



be appointed Commissioners under Part I of the
Inquiries Act, to:

- (a) inquire into the extent and the causes
of the spread between the prices re-
ceived by producers of food products
of agricultural and fisheries origin and
the prices paid by consumers therefor;
- (b) determine whether or not such price
spreads in general or in particular
cases are fair and reasonable, or are
excessive, in relation to the services
rendered;
- (c) make such recommendations as they
deem appropriate if any such price
spreads are found to be excessive; and
- (d) examine the adequacy of price infor-
mation currently available.

The Committee further advise:

1. That the Commissioners be authorized to
exercise all the powers set out in section 11 of
the Inquiries Act;
2. That in the exercise of their powers
to employ counsel, experts and assistants under
section 11 of the Inquiries Act, the Commissioners
may authorize remuneration to such persons and
reimbursement for their expenses with such limits
and on such conditions as the Treasury Board
may determine from time to time;
3. That the Commissioners adopt such
procedure and methods as they may from time to time
deem expedient for the proper conduct of the in-
quiry and sit at such times and at such places in



Canada as they may decide from time to time;

4. That the Commissioners be assisted to the fullest extent by government departments and agencies;

5. That the Commissioners report to the Governor in Council;

6. That Dr. Andrew Stewart be Chairman of the Commission.

R. B. Bryce,

Clerk of the Privy Council.

MR. CARON: Decret du Conseil GCreant la Commission Royale. D'enquete dans les Ecarts de Prix. CP 1957 - 1632.

Copie certifiée conforme d'un procès-verbal d'une réunion du comité du Conseil privé, approuvée par Son Excellence le gouverneur général le 10 décembre 1957.

Le comité du Conseil privé, à la recommandation du très honorable John George Diefenbaker, premier ministre, recommande que:

M. Andrew Stewart, Edmonton, Alberta,
Mme Dorothy Walton, Toronto, Ontario,
M. Howard MacKichan, Halifax, Nouvelle-Ecosse,

M. Roméo Martin, Montréal, Québec,
M. W. M. Drummond, Guelph, Ontario,
M. Cleve Kidd, Toronto, Ontario, et
M. Bernard Couvrette, Montréal, Quebec
soient nommés commissaires sous le régime de la
Partie I de la loi sur les enquêtes, afin de:

(a) Enquêter sur la mesure et les causes

de l'écart qui existe entre les prix touchés par les producteurs de denrées alimentaires de l'agriculture et des pêches, et les prix payés par les consommateurs de ces denrées;

(b) Déterminer si ces écarts de prix, en général et dans certains cas particuliers, sont justes et raisonnables ou s'ils sont trop élevés par rapport aux services rendus;

(c) Formuler les vœux qu'ils jugeront utiles s'ils constatent que certains de ces écarts de prix sont trop prononcées; et

(d) Déterminer si les renseignements dont on dispose actuellement sur les prix sont suffisants.

Le comité recommande en outre:

1. Que les commissaires soient autorisés à exercer tous les pouvoirs énumérés à l'article 11 de la loi sur les enquêtes;
2. Que, dans l'exercice des pouvoirs qui leurs sont accordés d'employer des conseillers, des spécialistes et des aides, sous le régime de l'article 11 de la loi sur les enquêtes, les commissaires puissent autoriser la rémunération de ces personnes et le remboursement de leurs dépenses dans les limites et aux conditions que le Conseil du Trésor pourra déterminer à l'occasion;
3. Que les commissaires adoptent la procédure et les méthodes qu'ils pourront à l'occasion juger opportunes pour mener à bien leur enquête et qu'ils siègent aux moments et aux endroits, au Canada, qu'ils pourront fixer à l'occasion.
4. Que les commissaires soient aidés dans



la pleine mesure possible par les ministères et organismes du gouvernement;

5. Que les commissaires fassent rapport au gouverneur en conseil;

6. Que M. Andrew Stewart exerce les fonctions de président de la commission.

Le greffier du Conseil privé,

R. B. Bryce.



Submission of
STEINBERG'S LIMITED

Appearances:

Mr. Jack Genser
Mr. Sam Steinberg
Mr. Morris Segal
Mr. Harry Switzman
Mr. Oscar Plotnick
Mr. Ben Dobrinsky
Mr. Harry Suffrin
Mr. Jack Levine

THE CHAIRMAN: The first brief this morning will be on behalf of Steinberg's Limited and we understand that that firm is going to provide us with information that we requested in our questionnaire. We are grateful to you for that and we are grateful to you for coming forward this morning with an oral presentation and that you brought a number of your colleagues with you. We would like you now to present your brief and you may do so as you prefer. Following the reading of your brief I think probably my colleagues and I would like to ask you some questions. Would you please proceed now to present your brief?

MR. STEINBERG: Mr. Chairman, Mrs. Walton, members of the Commission, may I first welcome you to the great City of Montreal on this beautiful morning. I think it is a pleasant and colourful morning on which to start your



proceedings. I might say we have followed your proceedings across Canada with great interest.

I would like to present Mr. Jack Genser who is going to present the brief this morning.

MR. GENSER: Mr. Chairman, is it the wish of the Commission that the Steinberg brief be read for the record?

THE CHAIRMAN: Yes.

MR. GENSER: Steinberg's Limited welcomes this opportunity of presenting to you a brief on the Price Spread of Food Products.

We have always had a deep interest in all phases of research in retail distribution. We believe that the approach taken by this Commission will help cast more light on this complex problem. In addition to completing the very exhaustive questionn aire which you sent us, we are submitting this oral presentation inorder to interpret our answers in that questionnaire. We hope that both our written information and our oral presentation will help the Commission in its deliberations and its interpretations.

This Commission has the responsibility of explaining the spread between prices paid to primary producers and prices paid by the consumers for the years 1949 to 1957. Comparisons are always difficult to make. A prime requisite of comparing is that the items being matched are identical in all aspects and in every single facet. It is obvious that such an ideal situation of comparability will hardly at all, if ever be met within life.



In this context, it is obvious that the economic and social forces which moulded consumer behaviour in 1949 are not comparable to those of 1957. Over these years, family incomes have increased by 75 per cent. There also has been a steady increase in the number of married women in our labour force. The move to the suburbs and the desire for home ownership showed growing intensity during this period. The higher family incomes were spent in better housing and in purchase of motor cars. The underlying theme of the consumer better financial status was the desire for easier living and convenience in all phases of life. The number of people in the middle class has increased steadily largely through the development of more managerial opportunities in business and the growth of the number of professionals.

The central fact about the new Canadian market is the rise of a huge new moneyed middle income class, specifically the growth of family units with cash income, after taxes, of \$4000 to \$7000.

Growers, processors and retailers alike were faced with a new market. A market in this context means the organized interaction between consumers who have specified requirements and the producers and intermediary suppliers who attempt to meet those requirements. Markets are thus developing systems of human behaviour -- and in our world they develop very rapidly. No supplier or retailer could long survive in



business if he did not meet the ever changing demands and needs of his customers.

Over the period of years under review, our customers decided that food was important to them. They decided to allocate a greater percentage of their cash income for food. Why then are they spending a higher percentage of their income for food? Our customers are not eating more in physical bulk, actually on a per capita basis, they are consuming about the same as they did in 1949. But the kind of food consumers are eating has changed enormously and is still changing fast. The bulky carbo-hydrates which have traditionally formed the basis of low income diets have shown a large decrease. Per capita consumption of flour and grain products are down since 1949. Potatoes and sweet potatoes are also down but meat, including poultry and fish, is up as are eggs and dairy products.

The new middle class has chosen convenience in all phases of its marketing behaviour; push-button driving in motor cars, automatic washing machines and dryers, dish washing machines, electrical appliances in the kitchen have all an impact on retail food distribution.

The increasing ownership of motor cars have made parking lots a necessity. Provision of parking means that today we must provide three feet of parking to one foot of selling; in other words, our land needs are four times higher than what they were in earlier years.

The larger number of women in the labour



force and the desire for greater leisure have caused a boom in the sale of labour saving foods; the cake mixes, the frozen foods and the canned foods; the recent statistics indicate that fully 50 per cent of foods bought at retail were in either the frozen or canned form.

The handling of frozen foods means that the retailer has to invest in special frozen food coolers at the warehouse; in specially refrigerated trucks to transport them to the stores; in special coolers at the store and special compressors for their sale and display at the point of purchase.

In addition to carrying all these modern foods, there also has been a greater consumer demand for a wider variety of merchandise. Where toilet soaps were sold only in one colour, they are now sold in five colours. In the old days, we carried only bars of laundry soap. Today in addition to laundry soap, the consumer has the choice of soap flakes, powdered detergent, liquid detergent, in light and heavy duty.

The continuing growth in the number of items means that today a typical supermarket carries over 7,000 items. To accommodate these thousands of items, store size has been increased from 5,000 to 22,000 feet. Today's larger store requires a much greater investment in building, fixturing and inventory than the store of yesterday. Not only has the modern store grown in size but it is full of labour saving devices.



The food retailer does not exist in a vacuum. For many aspects of his business operations, he is in competition with other entrepreneurs. He competes for the labour force, he competes for land and he competes for building materials. All of these factors have increased markedly over the past decade. These higher costs for labour and equipment are reflected in all phases of our business. Our salaries and wages, including the many new fringe benefits, showed one of the largest increases in our costs over this period. It now costs us 40 per cent more to build the same supermarket than in 1949. City taxes have increased by 100 per cent since that time.

Total expenses have shown a larger percentage increase than the retail food prices in our trade areas.

We were caught in a wage-price squeeze over these years -- we have explored every avenue in an attempt to hold the line on expenses and prices. There is no denying that our margin did increase over these years but the heartening fact is that it increased very slightly. We were able to hold this increase down through the following:

- a) Increased mechanization in the stores.
- b) The introduction of new departments -- Health and Beauty Aids and Non-Foods.
- c) The expansion of existing departments



-- such as Paper Products, Biscuits and Candies.

d) The continuation and elaboration of self-service.

a) Increased mechanization in the stores: To keep the cost of labour down, we invested heavily in labour saving equipment in the material handling field and in the packaging field. The modern store is largely mechanized with roller conveyors, elevators and battery powered hand-carts. There also is a great degree of mechanization in the weighing and packaging operation.

b) The introduction of new departments: Our customers readily accepted the idea of one-stop shopping. They were accustomed to buy their meat, produce and groceries under one roof. We now added a Health and Beauty Aid Department where we sold merchandise at the traditional margins which were substantially higher than those of food. More recently, we added Non-Foods Department, which again satisfied customer needs and this too helped us with our gross margin.

c) The expansion of existing departments: Not only did we add new departments but we also expanded old ones such as Paper Products, Biscuits and Candies. These departments too helped us to hold the line on gross margin over this period.



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d) The continuation and elaboration of self-service: Undoubtedly, the greatest factor in helping us hold the line was the wholehearted acceptance of self-service by the customer. Self-service helped us to maintain a low cost of selling. Let us bear in mind that under self-service, no sales person is on the floor to do suggestive selling. This function is taken over by the forces of advertising and sales promotion. Also, over these years we went in for more and more prepackaging in the produce and in the meat departments and we were able to reduce service to a bare minimum of what it was in 1949.

We believe that all of these methods in minimizing price increases have been successful. Simple evidence of this fact is that in the period under review there has been a smaller advance in the gross margin of our food departments than in total operating expenses.

Never at any time in food distribution history have food retailers been as conscious of the customers' needs and wants.

Their programmes and merchandising practices have attempted to fulfill these needs.

Industrial trends in recent years have indicated the extreme importance of research to all phases of business. It is felt that research in the field of distribution, on a continuing basis, would yield equal benefits to the consumer.

It is hoped that the findings of this Commission will make possible an overall programme which will bring to reality all of the benefits which are envisioned for the consumer and the primary producer.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

TABLE 1

PER CAPITAL PERSONAL INCOME, QUEBEC, D.B.S.

1948 - 1956

(dollars)

1948	779
1949	789
1950	836
1951	928
1952	995
1953	1,047
1954	1,059
1955	1,090
1956	1,172
1957	1,300 (est)

October 1958



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

TABLE 2

INDEX OF PERSONAL EXPENDITURE ON FOOD, CANADA, D.B.S.

1949 - 1957

(million of dollars)

(1949-100)

1949	100.0
1950	108.8
1951	125.4
1952	131.8
1953	134.5
1954	139.6
1955	146.6
1956	156.1
1957	166.6

October 1958



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

TABLE 3

PER CAPITA FOOD CONSUMPTION, SELECTED ITEMS,
CANADA, D.B.S.

1948 - 1956

	<u>EGGS</u>	<u>BEEF</u>	<u>FOWL and CHICKEN</u>	<u>FISH (fresh & frozen)</u>
1948	20.8 doz	59.2 lbs	14.9 lbs	6.0 lbs
1949	19.3	56.7	16.7	6.3
1950	19.7	50.6	17.1	6.8
1951	19.7	48.9	19.5	6.9
1952	22.1	48.5	24.0	6.8
1953	22.7	64.3	21.5	6.9
1954	24.3	71.6	22.4	7.1
1955	23.8	71.5	23.4	7.3

	<u>FROZEN FRUIT</u>	<u>FROZEN VEGETABLES</u>
1948-49	0.3 lbs.	0.5 lbs.
1949-50	0.3	0.5
1950-51	0.3	0.6
1951-52	0.4	0.6
1952-53	0.5	0.9
1953-54	1.2	1.2
1954-55	1.3	1.6
1955-56	1.2	1.7
1956-57	1.4	1.9

October 1958



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

TABLE 4

INDEX NUMBERS OF AVERAGE HOURLY EARNINGS IN
MANUFACTURING,
QUEBEC, D.B.S.

1949 - 1957

(1949 = 100)

1949	100.0
1950	105.6
1951	123.6
1952	129.2
1953	137.1
1954	140.4
1955	144.9
1956	155.1
1957	161.8

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TABLE 5

INDEX NUMBERS OF AVERAGE WEEKLY WAGES AND SALARIES
IN THE RETAIL TRADE, QUEBEC, D.B.S.

1949 - 1957

(1949 = 100)

1949	100.0
1950	104.2
1951	113.5
1952	118.0
1953	122.7
1954	128.6
1955	130.6
1956	134.9
1957	140.9

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THE CHAIRMAN: Thank you, Mr. Genser. We have brought along with us a copy of the chart. I believe a copy of this was attached to the questionnaire which was sent to you.

In our hearings we have had representations from both the consumer representatives and representatives of the primary producer, and when the consumers have referred to food prices they have tended to use the Bureau of Statistics cost of living index and the consumers' component of that index.

Now, that is the black line at the top of the chart, and so they have, as consumers, indicated their concern about the tendency for prices to rise to the consumer. On the other hand, when we have heard from the primary producers, the farmers, they have again quoted the statistics of the Dominion Bureau of Statistics on the farm prices of agricultural products. That is the red line at the bottom of the chart, and they then referred to the decline in farm prices.

So we think that this is a fair representation of the general problem with which the Commission is concerned, that consumers referred to rising consumer prices and the producers referred to falling producers' prices. It is obvious that this is not an accurate indication of spread, but there is indication that the general spread is increasing.



With reference to your brief, I notice that on page 2 of your brief the insistence upon comparison of comparables, that things should be identical. May I say immediately that we are not aware of the significance of this factor in interpreting these changes. The point, I think, is well taken, and we are not unaware of it; there are changes involved in the particular commodities represented in these index numbers. The fact I want to ask you about now arises out of the emphasis in your brief on the change in consumer demand. You referred to incomes, the habits which are changing, so that the demand for food is changing, and presumably increasing, with a 75 per cent increase in incomes. One can then understand, perhaps, why food prices to the consumer might rise because total demand is increasing. This leaves the producer very cold; he has a difficulty in seeing, under these conditions, why his prices should be falling, and this is obviously part of the problem we will have to deal with.

Now, one possible interpretation of this, of course, is that this increase in demand, the increase in services and costs develops in the merchandising area in depressed producers' prices. I take it you wouldn't accept that argument.

MR. GENSER: Are you indicating that as a positive statement, that the trend of rising prices from the consumer point of view is the reason for the depression of price rising from the primary producer?



THE CHAIRMAN: I think it is correct to say that a great many producers tend to see it in this way, that the increase in costs in the marketing system has done two things: first, it has pushed up prices to the consumer; and, secondly, it has pushed down prices to the producer. I take it you wouldn't accept this as an explanation.

MR. GENSER: I would not believe this is a reasonable explanation. Would you want me to comment on it?

THE CHAIRMAN: Yes, I would.

MR. GENSER: In the trend indicated on the chart, we have referred to a base of comparison going back to 1949. The type of commodities the consumer required technically were not the same range or types of commodities which the consumer wants and demands in 1957. From the time the primary producer receives a price for a given product, a lot has happened to that product over the span of seven or nine years. There has been a change in the format of demand. The consumer has received a product which has gone through various stages of development in putting it in the form in which he demands. In other words, the changes which have taken place in the format of the product to some extent have added an increment of cost; and as we envisage the change taking place in a tremendous range of items, foods with built-in services, we can readily understand that something is added to the primary product to a point that has been compensated for as far as the intermediate supplier



who is responsible for the change in this format, with a cost which has been added to the sequence, up to the point where there has been this rise. To some extent it is accounted for in the change of foods which the customer has insisted upon.

THE CHAIRMAN: Yes, this is obvious. The difficulty which, let me say, the producer would see in this argument, however, is that in essence what you have been saying is that the producer gets a price and it is the processors and distributors who change the form and add to the value of the commodity and in some way add this to the price and sell this at a certain price. But the primary producer comes back and says, "What happened to me? It may be that the processor and the distributor recover their costs; I can't. Costs have been rising, and yet my margin is going down."

Is it your view that when a product is purchased from the producer it is possible for the processor and distributor to sell it at a price which covers the cost?

MR. GENSER: Well, the inference is that he can, in fact, recover the cost for the change which he makes in the food product which he buys from the primary producer. We have to remember that the processor is not alone in relation to the product which he wishes to create. He is working in a very strong competitive area; his ability to recover his costs from the point of view of a change in format is subject to competition in relation to the product which is produced by another producer. In other words, he



can't at will change the food format; he is subject to the producer, and he is trying to establish a market for this product. This would have a tendency to hold the increment of costs down to a very considerable extent.

THE CHAIRMAN: It is, however, a fact that in the past ten years food merchandising has been a relatively profitable undertaking; that is, it has been possible for firms operating in this area to recover their costs?

MR. GENSER: Well, the term "relatively profitable" is related to cost structures which are considered normal for food operations, and where we consider them to be profitable they do, in fact, represent very small earnings in relation to industry generally. This has a tendency to hold prices down at the retail end to a very considerable extent. The net profits in the food industry are very nominal as regards industry at large.

THE CHAIRMAN: I wanted to make this point, that it is true, over this period generally, that in the food processing and merchandising field it has been possible to recover these costs?

MR. GENSER: It is possible to recover these costs for various reasons.

THE CHAIRMAN: Now, the difficulty with the primary producer is -- he says, "Is it not possible for me to do the same thing?" -- because he says that his costs have been increasing and he is not able to recover his costs. Now, this is one part of the problem we have tried to



explain.

MR. GENSER: Would you care to ask any further questions, Mr. Stewart, related to this concept you have outlined?

THE CHAIRMAN: Just one other point, if I may follow it up. Generally in your argument you have left the implication that the merchandiser in this period has successfully adjusted himself to these changes in demand.

MR. GENSER: That is right.

THE CHAIRMAN: Now, how far, in fact, does the food merchandiser create these conditions of demand? As you know, we hear a good deal of promotional expenditures on the part of food merchandisers; in fact, your emphasis has been, well, you just adapt yourself to changes in the market. Are you really as impotent as that?

MR. GENSER: Well, in the market it has a little bit to do with astuteness, and in the final analysis demand really comes from the consumer. We have indicated in our brief that in the pattern over the years referred to it has really indicated a new way of life in relation to the manner in which people are spending their time, leisure time, and so forth, and they have seen fit to produce commodities which they offer for sale. The customer in the final analysis indicated that she wanted these commodities by virtue of demand. We would be away out of line if we failed to recognize any demand on the part of the consumer for a wider variety. Merchandisers are part of this endeavour to meet that



demand. If we failed to do that we would, in fact, be involved in an activity of regression to a point where our stores and our services would not be in keeping with the requirements and the demands of the consumer. It is just a question of keeping pace, and this is reflected in the type of stores we operate today. They would never have come into existence if the basic demand of the consumer had not manifested itself; they could push these things to a point where they came into being.

COMMISSIONER WALTON: On page 11, under (c) we have an implication, the expansion of existing departments. The implication there is that if, perhaps, the food business in which you are interested had not added these non-food lines maybe it wouldn't have been profitable?

MR. GENSER: That is correct.

COMMISSIONER WALTON: In other words, the price of the food items would have been higher, but you have been able to say that your margin on food is maintained at a lower margin because you are subsidizing it in the non-food items that you carry?

MR. GENSER: Well, I would refer to the word "amortize" our expense rate over a wider range of commodities.

COMMISSIONER WALTON: Well, that was perhaps an unfortunate word. In other words, it is your belief that if food stores stay entirely with food, even this spread may be greater today under the circumstances?



MR. GENSER: It may have been greater.
May I comment on this part of the brief, Mrs. Walton?

COMMISSIONER WALTON: Yes.

MR. GENSER: The introduction of these new departments, that is the drugs and the non-foods, was based upon the requirements of the consumer. She indicated a desire to purchase these items under one roof. As such, they carry a mark-up which is traditionally higher than the mark-up which we have on the broad range of food items stocked in our stores. This traditional mark-up is substantially higher. Now, it has been possible for us to overcome of the additional cost factors which we have had over the years, but in view of the fact that we are able to obtain an added element of profit has, in fact, permitted us to hold the line in terms of mark-up in practically all the other range of food products. If this had not come into existence, it is very, very certain that the range in price of food products would have been much higher. It did, in fact, strongly influence our ability to hold the line in food prices.

THE CHAIRMAN: May I take this up a little further, Mr. Genser? There is, I think, a fairly general assumption on the part of people that the mark-up on specific commodities is in some way related to the merchandiser's cost of handling these. Now, this may be a correct or an incorrect view, but I think a lot of people assume that this is so. It seems to me that what you have been saying is, in effect, that this is not



so, that it is not a correct generalization to say that the mark-ups on specific commodities reflect the differences in cost of merchandise. Am I right or wrong?

MR. GENSER: Well, the mark-ups I refer to are the result of many factors, one of which may be the cost of handling various commodities. In the history of the Steinberg organization, mark-ups which have been established have all been based to a very, very considerable extent to the mark-up in business, but more specifically they were related to mark-up of the particular commodity. That would not be if we believed it was possible to turn over a much greater amount of the same merchandise at a lower mark-up, making it possible for us to get greater gross dollars for the particular product. That would have a very strong implication in the field of perishable commodities. Our prices are imposed regardless of the perishability of the particular product.

I must give you an indication of our attitude towards mark-up, which is very sensitive to consumer demand. We have noticed in regard to beef that on a basis of comparison of the prices that existed at the wholesale level last year, the price for a full side of beef is 9 cents higher at the wholesale level. Now, through the approach to trimming and cutting, it is recognized in the trade that a 9-cent increment, an additional increment of 9 cents at the wholesale level, will positively reflect itself in an 18-cent per pound increase at the retail level.



Now, here is a situation which we evaluate and weigh very, very carefully from the point of view of looking after the consumer's interest. We have set aside what is considered to be normal from the point of view of mark-up in addition to our expense rate, and have, in fact, reduced our mark-up by 50 per cent in that particular item in order to retain that particular product in the mind of the consumer so that he would not be forced to pay higher prices because of the higher prices at the wholesale level. We do not accept this as an unalienable fact; it is subject to change.

COMMISSIONER MacKICHAN: The expression "consumer demand" has turned up a number of times here. Sometimes I think it was praise and sometimes I think it was blame. To what degree has what I have described as the combined imagination of the manufacturers of labels and packages, the advertising, and probably the retailer too -- how far has it been responsible for creating this so-called demand?



MR. GENSER: There is no doubt that advertising has performed a function in informing the consumer about the availability of a given product. The ability of the processor to package that product in a convenient form, in an attractive package, is only following the precepts which seem to underline human nature. People like good things in life, whether they happen to be on high income levels or medium income levels. This is an aspect of human behaviour which finds expression in many activities which people are engaged in. In the final analysis, while an approach to information is carried out by advertising and the various kinds of advertising used to inform and acquaint the potential consumer, the consumer truthfully dictates the demand for a given product and its continuity in the markets of our food operations. She does, in fact, determine the continuity and availability based on the demand.

COMMISSIONER MacKICHAN: I would agree with the continuity, but I have some mental reservations as to the origin of the demand. The five colours of toilet soap mentioned here: I presume that probably has doubled the inventory in stores?

MR. GENSER: It has added to the inventory; not necessarily doubled it, because as far as the five colours of toilet soap go, which happens to be a very dominant topic of conversation in this city and in other areas where it has been introduced, I again reaffirm that the continuity of the demand will only be the reflection of the consumer demand. It may be interesting to note that the consumer has,



in fact, indicated a desire for the continuity of these items through the course of her demands.

There is another factor, which may sound humorous, from the point of view of the demand for coloured soap, and this relates itself to a growing practice in the schools of this city where recommendation is made in terms of developing the capacity of children in the field of sculpture to go out and buy a bar of coloured soap so that what they do in the classroom will be more colourful and correct from the point of view of developing their latent talents. This may be one of the areas creating that demand. However, the fact remains the demand of the consumer will determine the existence of these five coloured soaps over a period of time.

COMMISSIONER MacKICHAN: I think one colour would probably get us just as clean.

MR. GENSER: Well, I believe the ingredients are the same.

COMMISSIONER MacKICHAN: All except the colour.

MR. GENSER: So, apparently, the cleaning process would not deny or confirm our ability to wash ourselves.

COMMISSIONER MacKICHAN: On page 10, the introduction of health and beauty aids: having a wife and five daughters, I can imagine what the beauty aids are; but, what is "health"?

MR. GENSER: Health and beauty aids is the nomenclature; it is the name used by the trade to define items used for health and beauty



aids. Many products in that field are related to health. It is the name adopted by the trade to identify that specific range of items or commodities.

COMMISSIONER KIDD: On this question of the coloured soap, I was struck by something when you were speaking: could you tell me, as a person who has not any knowledge of this industry, how did the consumers express their demand for these particular five colours of soap?

MR. GENSER: How would they express their demand?

COMMISSIONER KIDD: The supplier, having made a decision to go into the business of coloured soap, would be guided by colour preferences. These preferences might apply to other areas of household needs and requirements; they might apply to colouring schemes. This would guide the supplier in outlining and determining to involve himself in supplying various coloured soaps. His approach would be to advertise and indicate its availability -- to inform; this would be the normal process.

COMMISSIONER KIDD: So the supplier would initiate the programme, and this, as you know, could be transferred into certain food items too; but, you say the supplier would initiate the programme of supplying the soap?

MR. GENSER: He would initiate it, but his decision to go into colour would be based upon factors he would be familiar with. If he failed to interpret the consumers' demand for



colour in soaps, he would, in fact, be blind to the various factors that take place about us in everyday life. We are living in a world of colour.

COMMISSIONER KIDD: But the reason for him going into the colour would be to gain a competitive advantage, even though perhaps only momentarily?

MR. GENSER: He might feel his products would have the possibility of greater distribution if he had a varied line. He felt he could sell more soap if he had greater variety within the context of a single type.

COMMISSIONER KIDD: And he would bring out the five varieties, and is it possible in a programme of this kind that this would increase the cost of his production and thereby increase the cost of the product all the way through?

MR. GENSER: I don't know to what extent it may increase his cost of production. I am not too familiar with the cost factors involved in the soap business, but the fact remains that if he were able to sell much more soap than previously, any costs incurred in the initial stages could be so amortized over the sale of the various products that additional cost would be practically negligible.

COMMISSIONER KIDD: Would you say the same factor would apply in the food products that your company sells? As your sales go up, your cost will be amortized over a greater number of units, and therefore the prices could come down?

MR. GENSER: As the sales go up the



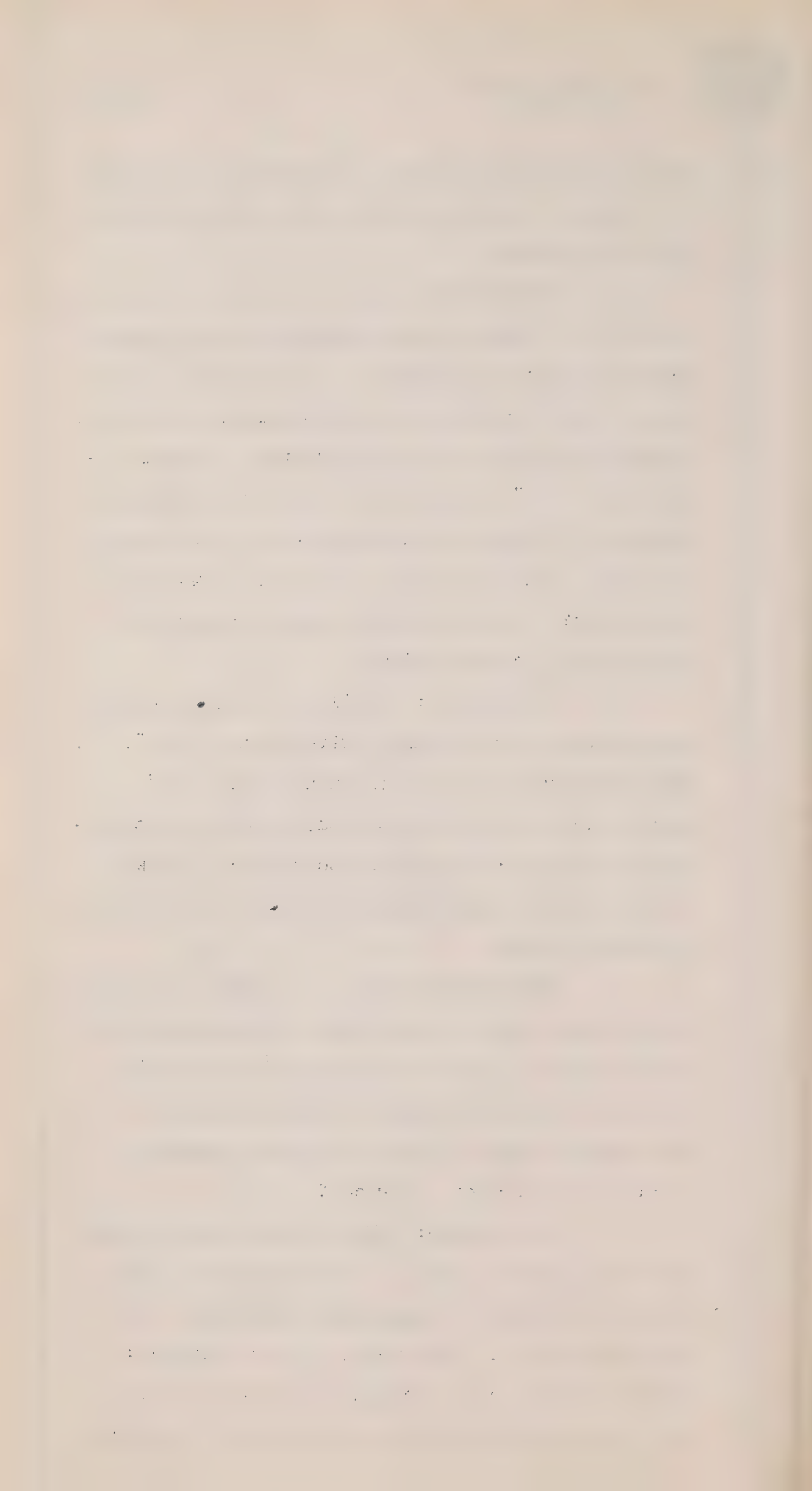
expense rate might decline in relation to our overall volume. This would influence our considerations for mark-up.

COMMISSIONER KIDD: It seems there is a mention of a conflict here between consumer demand and created consumer demand. For example, on page 4, part way down the first paragraph, you say, "Markets are thus developing systems of human behaviour . . .", and then you go on to say that a supplier or retailer has to meet the ever-changing demands. Is there not a conflict in those two sentences? One indicates a created demand as opposed to a consumer demand.

MR. GENSER: Well, in that connection, the statement made dealing with markets is, ". . . thus developing systems of human behaviour." Again, the only thing I can say is that the customer's desire or willingness to support a market for a given product will determine whether that product will live or die.

COMMISSIONER KIDD: If demand is created, you indicate from your earlier statements that it is quite likely if it is created successfully that sales will go up, but does not the creation of this demand with all that is involved increase costs, and therefore, prices?

MR. GENSER: The increased demand would have the opposite effect. The increased demand for a given range of commodities would have the opposite effect. Let me give you an example: while it might cost a certain amount of dollars and cents to distribute a given range of products,





our ability to distribute twice the amount of merchandise does not necessarily mean that the costs of distribution would be double. It means that prorated in terms of cost of individual units, that cost might conceivably come down.

COMMISSIONER KIDD: Another factor altogether: on page 8 you state, "Today's larger store requires a much greater investment in building." How does Steinberg arrange for this greater investment? Is it through the plowing back of income, or is it raised in the capital market?

MR. GENSER: Well, in my memory, and I have been associated with the firm a long time -- Mr. Sam Steinberg just wanted me to put down for the record that I have been associated with this company for a period of some twenty-nine years; I don't know how long that really is. The owners of the business have seen fit to plow back practically all of the net profit in the form of expansion, improvement and modernization. Where these funds have not been enough to maintain the rate of expansion required by growing populations, and the movement of people, the company has also seen fit to go out on the market to borrow money, so to speak, at specified interest rates. In other words, the funds come from two sources: they can come from the net profits of the business, and they have in this particular case, as I indicated to you, been used for expansion purposes; and, in other instances, the company has gone out to borrow money. Does that answer your question, Mr. Kidd?

COMMISSIONER KIDD: Yes. To follow that



up a little further, you mention on page 9, in the last paragraph, "We were caught in a wage-price squeeze . . .": with an investment programme of your own and with a great deal of investment in the country in industry in general, is it not possible that the increasing investment of this sort is also a factor which will push up prices?

MR. GENSER: Are you inferring that the desire of a company to expand might cause the prices of commodities ---

COMMISSIONER KIDD: There are two things in the question.

MR. GENSER: I can give you a very good example.

COMMISSIONER KIDD: There are two things, and one is, of course, the overall investment in Canada has been said to be the basic cause for our inflation by a number of economists, government and otherwise.

MR. GENSER: Yes.

COMMISSIONER KIDD: And I am thinking there is a reason for all prices rising. The second part of the question is, what effect on prices would the enlargement programme or investment programme of a company like your own -- what would be the effect on prices there?

MR. GENSER: Well, our ability to expand would be very strongly related to the needs and requirements of given markets. Our ability to supply these markets does, in fact, improve our volume picture; it improves our turnover picture to the point where we can hold the line on prices.



I can give you a good example of the relationship to prices which a programme such as ours would induce. Let us assume, for example, the company has decided to expand and is using the greater part of its net earnings or its net profit to expand into given markets. The fact remains that the money so used for the development of a supermarket to cater to the needs of a given community or area would influence the price structure on food in the given market to a very considerable extent, to the benefit of the consumer. We have on record many cases wherein we have decided, through the force of expansion, to move into other markets which were not previously serviced by food stores comparable to our own with the type of service and variety of merchandise we provide, and we know for a fact that in these particular areas the price of food, following the introduction of our operation, has been substantially reduced. The record has shown that in many areas the price of food has gone down as much as 20, 30 or 40 per cent following the introduction of a Steinberg operation.

So, in answer to your question as to whether expansion may adversely affect the price of food, I would like to record that in many instances the ability to expand has affected the price of food to the benefit of the consumer -- brought the price down. In addition, the overall volume we have generated in these areas, coupled with volume already enjoyed, has permitted us to hold the line on food prices in other areas.

COMMISSIONER KIDD: What would be the



effect if, say, three chain stores decided to enter a new area?

MR. GENSER: Frankly speaking, we never make an attempt to get into a market which is already covered by a preponderance of food stores. Based upon the forces of economics, we outline a given market, based upon the factors of research which definitely indicate the need for food and services which we have to offer. If other companies see fit to come into that very same market, the force of competition would keep prices down, I believe.

COMMISSIONER KIDD: On page 9 you mention that your salaries and wages show a large increase: what is the ratio of salaries and wages to your sales dollar now, and has it increased or decreased in the last ten years?

MR. GENSER: We say our salaries and wages have increased. They have increased percentage-wise to sales. They have increased in terms of the hourly rate.

COMMISSIONER KIDD: Yes, but could you tell us, for each dollar of sales, what is your wage-salary cost?

MR. GENSER: That percentage has gone up.

COMMISSIONER KIDD: You haven't got these figures, have you?

MR. GENSER: Incidentally, those figures dealing with the exact ratio of salary to sales for the ten-year period under consideration are being submitted in the questionnaire which was referred



to by Dr. Stewart. The details and the analysis of those figures will be exposed to you then.

COMMISSIONER KIDD: I just wondered if you had them today.

MR. GENSER: No, I haven't.

COMMISSIONER KIDD: You have made quite a few statements through your submission here relating to labour costs and salaries and wages, and so on, and I wondered if at this time, for the record, you could give us something more on that?

MR. GENSER: It is a known fact that, generally speaking, wages have gone up in all types of industry in the past ten years. Reviewing some of our own facts with our personnel manager, and covering many of the categories, we notice here that some of our hourly rates have gone up anywhere from 35 per cent to 70 per cent.

COMMISSIONER KIDD: In that period of time?

MR. GENSER: Within the ten-year period.

COMMISSIONER KIDD: Yes, but my point is quite different from that. I can show you a major industry as an example where wages have gone up three times, but the actual cost per sales dollar has gone down about 7 per cent. You are talking here about your labour saving devices, and I wondered what effect they have actually had on your labour costs?

MR. GENSER: I get your point very specifically, and I indicate again that the true analysis of the wage figures in relation to sales is clearly outlined in the questionnaire which



will be submitted to the Commission.

COMMISSIONER KIDD: I am quite well aware of the letter, but I wondered if you could elaborate on it at this point.

Just one general point here: do I take it from your submission that you aim mostly at the market where incomes go from \$,000 up?

MR. GENSER: No, not necessarily. We will go into any market where there is a requirement for the range of food we have to sell.

COMMISSIONER KIDD: You place a great deal of emphasis on "middle class" here, and that excludes most wage-earners.

MR. GENSER: We cater to all levels of income. We don't supply our marketing approach to the income referred to, from \$4,000 to \$7,000. The inference was made here that in this particular group the additional funds which were available for the family did, in fact, seek an outlet, and this particular group influenced to a very considerable extent the demands for the newer products referred to in our discussions this morning, which represents only one segment of the overall income levels which we serve.

COMMISSIONER DRUMMOND: Could I begin by referring again to this much discussed matter of demand creation, and I would like to give my interpretation of just what has been said to see if you agree with my summary. Two or three times I think you have referred to the fact that in the final analysis it was the consumer who actually decided whether this or that commodity was or was



not demanded, but I think you also suggested that in the initial stages it was someone other than the consumer who, for reasons best known to themselves, decided it was desirable and possible to create a new demand. In other words, you did or could take the initiative in manufacturing a market, so to speak. What seems to me to be the situation is that there are at least two parties who participate in this business of creating a demand: one initiates it, and the other reacts to it, and the joint action is creation of demand; is that correct?

MR. GENSER: Not entirely. The first party, the supplier, will attempt to establish an identity for a new product in order to enhance his position from a competitive point of view. The only thing he can do is to expose -- to indicate the availability of a given product. The customer -- and I reaffirm -- in the final analysis will create the demand. She either buys or she rejects it, and proof of her rejection is indicated in our overall operation where many items are taken off the shelves because of insufficient demand, and automatically fade from the market.

COMMISSIONER DRUMMOND: But, in the first instance, wouldn't you say it was nothing more of a demand than a potential demand -- that you realize the potentialities of demand?

MR. GENSER: I would say the supplier envisions the potential demand based upon his study of the market, and he attempts to fulfill the ultimate demand.

COMMISSIONER DRUMMOND: Exactly. On



page 6, referring again to what Mr. Kidd has said, I see, "Expanding needs for space such as parking space . . .", and so on. You mention here you require a great deal more of land for this and other reasons besides the expansion of your store space itself. Have these land needs per unit of product sold increased?

MR. GENSER: Will you repeat that?

COMMISSIONER DRUMMOND: While it is true your land needs in total have increased, have they increased per unit of product sold?

MR. GENSER: To the same extent?

COMMISSIONER DRUMMOND: Yes.

MR. GENSER: I think there are two separate factors under consideration. One factor is related to the need for available space for parking, and the other factor deals specifically with the amount of space required in a store to house the demanded products. The ratios may not follow in the same direction. On one hand, for example, you might set up a store where car ownership is very heavy, where the availability of food and services is somewhat restricted, and so you would find a larger number of people coming to that particular store, and yet the range of population may be somewhat smaller than normal trends in relation to car ownership. At that point you would put up a store which would be in keeping with the needs of the community in relation to the potential volume that exists in the area.

COMMISSIONER DRUMMOND: But in general your whole policy of expanding your area or



operation, whether within the store or in the parking space -- your whole policy is based, isn't it, on the assumption that you are going to expand?

MR. GENSER: There is a relationship, yes -- to the volume of the market.

COMMISSIONER DRUMMOND: Yes. On page 6 you refer to what you call labour-saving foods, and you say there has been a boom in this and a sort of built-in convenience. Does the margin tend to be wider in the case of the labour-saving foods than in other products?

MR. GENSER: Not necessarily. It would depend on the demand for the labour-saving foods. For example, in frozen foods, in the days of 1949 referred to on the chart, mark-ups had a tendency to be a little higher than today. This could be accounted for by the fact that increasing consumer demand has created a stronger rotation -- a movement of the merchandise to a point where mark-ups have come down. When we speak of another range of labour-saving foods, we have only to look at the range of foods built up by various suppliers from the point of view of feeding babies. Here again, we have observed that the early traditional volume has been subjected to a point of demand where the gross mark-up has been reduced. In other words, the fact that food is a labour-saving food does not necessarily mean that the mark-up on that item will be higher than normal.

COMMISSIONER DRUMMOND: That is the point I wanted. The margin on it would be wider



because of the cost of freezing and canning, and so forth?

MR. GENSER: The cost to us would be higher.

COMMISSIONER DRUMMOND: Yes.

MR. GENSER: Because of the implementation of change in the format of the food by the supplier who sells the merchandise to us; not in the marketing.

COMMISSIONER DRUMMOND: On page 7, the second paragraph, you refer to the demand for a wider variety of merchandise: how **has this wider** variety affected the rate of turnover of each variety?

MR. GENSER: The wider variety, for the most part, is a reflection of new products and new uses for new products. Actually, to give you an example, let us assume in 1949 we carried a certain range of paper products. Since 1949 to the present day the range of paper products has been doubled. In terms of specific count, there were two hundred items in 1949 and there are close to four hundred now -- this is an approximation -- and the additional two hundred represent lines which were not formerly available to the consumer, and which she requires in relation to her mode of living. We have, for example, the various papers used to freeze foodstuffs. We have the various cellophane wraps -- saran wraps. There are other factors in relation to this increasing variety where the consumer is utilizing an entirely different product.



COMMISSIONER DRUMMOND: I was wondering if your general point you are trying to make here is that it costs more to provide a commodity when you have it in several different forms rather than in one standard form? That was discussed to some extent before when we were discussing the soap situation.

MR. GESNER: Whether it costs more to offer an item in several varieties?

COMMISSIONER DRUMMOND: Yes -- when you have to offer it in several varieties rather than in a single standard form.

MR. GESNER: You are talking about the same product?

COMMISSIONER DRUMMOND: Yes.

MR. GESNER: This would be related to the need of the consumer. There may be various sizes of a different product: for example, canned wax. She may find her use for the product varies in relation to the need in the home. We would want to make available to her the various sizes. Her decision to buy would reflect itself in the terms of the price she pays.

COMMISSIONER DRUMMOND: You are speaking of the different sizes as being the same thing as "different variety". I am thinking of a standard size -- a standard item, but you speak here of wider variety? I take it that means a wider variety of the same commodity?

MR. GENSER: Different sizes of the same commodity.

COMMISSIONER DRUMMOND: That would be



included in the wider variety?

MR. GENSER: Yes.

COMMISSIONER DRUMMOND: Again, on page 11, at the top of the page you speak about the traditional margins, and say they were substantially higher than those of food. You are speaking of the margins of health and beauty aid goods. The first question is, were these margins, whatever their height, were they more than enough higher to offset the slower rate of turnover?

MR. GENSER: Yes, definitely.

COMMISSIONER DRUMMOND: I wonder if you would care to comment on the several factors which go to determine what constitutes or what tends to make up a high margin or a low margin product?



MR. GENSER: You have asked a question which I would like to re-define to make sure I understand it. You have asked me what are the factors that determine whether the item will be on a high mark-up or low mark-up?

COMMISSIONER DRUMMOND: Yes, you used the phrase "traditional". I wonder how this came to exist first, for instance?

MR. GENSER: We would have to go back a long time.

COMMISSIONER DRUMMOND: When do you know when a thing becomes so fixed it is a tradition?

MR. GENSER: Well, the mark-up becomes traditional when it has reached the level which is the result of consumer demand and competitive conditions. At that point it is considered to be traditional until something upsets it. In other words, if competition decided to take a look at a so-called mark-up and finds it possible to establish a new level of tradition we would follow suit and the new low level would become traditional.

COMMISSIONER DRUMMOND: In this world today can there ever be anything traditional?

MR. GENSER: Never, and this applies to food. In relation to your question, the level of mark-up is determined by various factors and one very, very primary factor is what the customer will pay for the item in relation to her need. In other words, you can set a mark-up at an exorbitant level under the assumption that because it is bulky it requires additional expense, but until you



can apply a prorata approach, the customer may have other ideas and you would then find that the approach to the mark-up would be subject to revision based on consumer demand and the force of competition.

COMMISSIONER DRUMMOND: On page 12 you speak about a promotion programme, and so forth, and then you refer to the fact that this acts as a substitute, as it were, for a sales person on the floor?

MR. GENSER: Yes.

COMMISSIONER DRUMMOND: I presume that your brief really leaves the implication, at any rate, that it costs less to perform this function of advertising and promotion than pay a sales person in the store?

MR. GENSER: Yes.

COMMISSIONER DRUMMOND: And you would say the same thing ---

MR. GENSER: That does not mean to say if you had a sales person on the floor you would be able to eliminate the force of advertising and promotion at all. What would happen would be, you would have an addition to your costs, you would have both.

COMMISSIONER DRUMMOND: And would you say also that the added cost of pre-packaging was less than the cost of providing the previous service?

MR. GENSER: Yes. I will explain that: the element of packaging is one of the increments in the self-service operation. In other words, based upon our system where the consumers select their own



merchandise some items must be pre-packaged to permit the consumer to pick up the item. Now, if we take into account the amount of money which would have to be spent to provide clerks to serve the customer we can make a very positive statement that the cost would be far greater under the service method than it is applied to the self-service with the act of packaging.

COMMISSIONER DRUMMOND: Incidentally, could you give us any general indication as to the extent to which your own firm does its own packaging?

MR. GENSER: Are you talking at the store level?

COMMISSIONER DRUMMOND: Yes. Well, it could be at the wholesale level, of course.

MR. GENSER: We have two areas of packaging. One is at the store level where a good portion of the meat that is sold is prepackaged right in the store. There are certain types of delicatessen products that are prepackaged by the supplier and we buy that range of merchandise from him and that particular range of commodity is also prepackaged and we sell it the way it comes into the store. As far as packaging at the processing level, we do process at the warehouse level in our commissary a certain range of merchandise but a decision to process a given product is based upon two fundamental factors, one to create a quality product on a consistent basis which might not otherwise be made available to the customer in the range of quality that we consider to be right for a consumer for uniformity and consistency, and, secondly, we



want to make absolutely certain the price she pays for that quality product which we have processed will, in fact, represent true value to her.

COMMISSIONER DRUMMOND: At the bottom of page 12 you say:

" . . . There has been a smaller advance in the gross margin of our food departments than our total operating expenses."

I am just wondering what this means. Does this mean that the fixed cost per unit has fallen more than your operating costs have gone up?

MR. GENSER: The statement made here indicates that our expense rate has been moving up at a faster pace than our rate of percentage increase in our gross margin.

COMMISSIONER DRUMMOND: But your gross margin has been at a rate because your overhead -- because the per unit has been kept down?

MR. GENSER: That is right.

COMMISSIONER DRUMMOND: You mention in the final page:

"It is felt that research in the field of distribution, on a continuing basis, would yield equal benefits to the consumer."

I was wondering if you would care to enlarge any on that?

MR. GENSER: Well, first and foremost, the field of distribution in the food industry, in view of the fact that it serves the entire economy,



it serves the entire country, it certainly is something that should be the concern of all of us. More specifically it should be the concern of those people who sell merchandise which is developed or created by the primary producer on one end and the processor who does something to the format on the food as it comes off the farm. Very simply, taking our own history into account, we know in the early days of our company that when we were asked to visit the farm by the farmer there was a mutuality of interest developed which encouraged the farmer to produce better products, to improve his quality, and in the long run he was able to sell more merchandise to us if he got a greater return.

Now, obviously, the tremendous range of food distribution at the present time certainly calls for a liaison, a very intensive liaison, between the primary producer on one hand and the retail operator on the other, than has previously existed. It is my opinion that there should be a government body to combine the talents, the efforts, the experience, the know-how, of these various people so the overall interests of all will be catered to.

For instance, in the United States the Department of Agriculture has a department of marketing and a department of distribution which is continually studying the problems of the farm in relation to the ultimate distribution point and they, in fact, come out with various recommendations which have kept the standards on the farm and also improved the type of process at which a consumer has or is able to purchase.



Another factor which has come into my mind is the tremendous work done by the Canadian Government in setting up its census of distribution once every ten years. It is my opinion that if the food factors are in fact the concern of the Commission and the Government at the present time, it is entirely conceivable that this census of distribution will be made perhaps on a five-year plan to keep interested parties closer to developments as they take place. In this manner it will certainly be a lot easier to deal with problems that often take too long a period of time to solve. You are closer to the scene of the problem and the interrelationships of time when the problems arise. Putting it to you in simple words, three or four heads are certainly better than one when they all have a deep concern for the solution of the problem.

This, in essence, is what I had in mind in that statement.

COMMISSIONER DRUMMOND: Would you say that the increase in the volume of your sales was due mainly to the number of foods being sold increasing, rather than to any increase in the rate of turnover of the items?

MR. GENSER: It is a combination of both. In other words, as we add more and more items we certainly recognize a basic concept of doing business, an attempt to motivate the greatest possible turnover in each of the items we have for sale. It is a combination of both.

COMMISSIONER DRUMMOND: Speaking of the promotional programme, to what extent is your



programme concerned with expanding the sale of new, or what are sometimes called differentiative products, as distinct from the old or more established ones?

MR. GENSER: Are you referring to the statement on page 12?

COMMISSIONER DRUMMOND: No, I was not really referring to any statement, but the overall.

MR. GENSER: Well, first and foremost, the element of advertising and promotional work represents a compact and cumulative effort to motivate volume through your stores in the sense that this particular activity is engaged in -- its primary purpose is to advise, inform the consumer of the merchandise we have and the price at which this merchandise is offered. It is intended to channel the volume through our various stores in order to permit our improving the volume picture, to establish controls over our expense rate and, to the extent we can pass on the saving to the consumer because of improving and increasing volume, this is done.

COMMISSIONER DRUMMOND: Finally, how would your extra costs which are involved in packaging compare with the savings which result because of the reduction in waste resulting from this packaging?

MR. GENSER: Packaging is an item which I have explained. In relation to the element of self-service the packaging function is maintained to support the act of self-service. When one deals with the factor of waste it is not



specifically related to the act of packaging, it is related to the overall operation in the handling of the merchandise from the source of procurement up to the point where it is placed on the counters for sale. I have never considered the act of waste as related to the handling and all the storage procedures which encompasses the product from the time it leaves the farm. Those are areas which obviously should be given some study and consideration in order to eliminate what has often been referred to as waste.

COMMISSIONER DRUMMOND: You know of no concrete study or results of this study aimed at trying to figure out the extent of this saving, this elimination of waste?

MR. GENSER: No, I do not. It is a tough thing to get at.

COMMISSIONER DRUMMOND: Now, finally, I would be interested to know the extent to which your firm secures its supplies directly from the farmer producer?

MR. GENSER: The greatest approach in that direction is carried out during the summer period locally when the crops in the general suburban areas of Montreal are produced by the farmer. At that time it is our policy to support the work and efforts of the local farmers to the greatest possible extent and our contact with the farmers during that period of time is very direct, it is person to person. At other times, based upon growing seasons, we purchase our supplies from the States and other sources.



COMMISSIONER DRUMMOND: Do you not have at least some fairly large producers who are in a position to supply you on more or less a year-round basis on certain things?

MR. GENSER: Not locally. The climate conditions in this part of the country permit of a very short growing period.

COMMISSIONER DRUMMOND: I am thinking of things such as eggs, for instance.

MR. GENSER: Yes, for instance, arrangements have been made and have been maintained over a period of many years with the Co-operative at St. Felix and there are other Co-operatives with whom we do business to supply items for our stores. Poultry is another area where we deal with the various Co-operatives in order to assure the supply.

COMMISSIONER DRUMMOND: I was thinking of fruit and vegetables also.

MR. GENSER: They are also subject to growing conditions in the various areas where they are produced. For instance, we will certainly avail ourselves to the ultimate and the fullest extent of Ontario fruit as long as the merchandise is available. However, when the source of supply dries up we must of necessity seek other sources of supply and that may be in the States, in California, Texas or Florida. In other words, we follow the growing areas in order to supply the merchandise we require.

COMMISSIONER DRUMMOND: You would say in the period we are specially concerned with that there has been an increased tendency to buy directly



from the producer?

MR. GENSER: We have done that through the years -- we have done that through the years.

COMMISSIONER DRUMMOND: That is all.

THE CHAIRMAN: Thank you very much indeed, Mr. Genser, for giving the benefit of twenty-nine years' experience in the industry. It was said to us at one earlier hearing that the modern supermarket with its one-stop family buying and present environment and colourful stops and other things around adds to the fun of life. I take it you would agree with that?

MR. GENSER: It is in fact a contribution to our way of life.

THE CHAIRMAN: I hope after your experience this morning you may feel the Royal Commission makes a similar contribution. Thank you very much.

MR. GENSER: Mr. Chairman, may I make a few concluding remarks?

THE CHAIRMAN: Yes, indeed.

MR. GENSER: First of all, I would like to extend the sincere thanks of the entire group of Steinberg people to the Commission for the courtesy shown us this morning. I would like to say to you that we consider it a privilege to have participated in the discussions held this morning and we sincerely hope that our comments and opinions will establish a basis for further review and analysis by the Commission. I would like to say that we share the sincere attitude which the Commission has adopted in the pursuit of its goal and



I would like to reaffirm that if there is anything the Steinberg organization can possibly do in the direction of giving additional facts or in any manner in which you may see fit to request of us, you may rest assured we will cooperate to the fullest possible extent.

May I extend my personal thanks for the courtesy extended to me this morning. Thank you very much.

THE CHAIRMAN: Thank you, Mr. Genser. We will adjourn now for ten minutes.

---Short recess.



Submission of
GENERAL BAKERIES LIMITED

Appearances:

Mr. R. S. Saxby	President
Mr. George A. McKean	Secretary-Treasurer
Mr. Arthur May	National Association of the Bakery Council

THE CHAIRMAN: We appreciate very much your coming here this morning and we are looking forward to receiving information from you in reply to our questionnaire. We would like you at this time to say anything you wish about the operations of your firm which would help the Commission visualize its functions.

MR. SAXBY: Dr. Stewart, Mrs. Walton and members of the Royal Commission on Price Spreads, our particular business is made up of eight individual bakery businesses located across the country from Newfoundland on the far east to Vancouver on the west. Each one of those plants constitutes more or less an entirely different set of circumstances and forces which come to play within the operation in those plants. The overall result or the overall picture presented by that composite group of plants is more or less of a national picture and I think that national picture has been very well presented in the brief to the Royal Commission on Price Spreads which was presented several months ago in Charlottetown, I believe. There are individual spots within that brief where we might be inclined to differ very slightly, but in a



general way that brief pictures the industry from a national viewpoint very well. We would be very pleased to answer any questions.

THE CHAIRMAN: Thank you.

COMMISSIONER WALTON: Perhaps I could lead off with one question, Mr. Saxby. This falls within the previous brief we heard this morning when it was implied, or I think admitted, that in the retail food business this particular company had taken on non-food lines and they implied that if they had not had those non-food lines that probably the cost of the food lines would have increased materially.

Now, in the baking industry I assume that bread is your main line but you would have other lines, cakes and so on?

MR. SAXBY: Yes, Mrs. Walton.

COMMISSIONER WALTON: There has been an increase in bread prices over this ten-year period. Is that an offsetting factor in helping to keep the price of bread as low as it is or would it have been higher?

MR. SAXBY: Well, it actually is not a new situation within the baking industry as much as it was indicated with the supermarket business where it is a new development. We, and most bakeries, as a matter of fact, do produce a variety of cakes, rolls and sweet goods as well as bread. The only contribution directly that they make toward the overall operation is that they enable us to sell at a lower cost from a distribution viewpoint. There is a physical limitation on the



capacity of a salesman, either wholesale or retail, in the number of calls he has to make per day and it is a daily routine and, therefore, a suitable range of products will never improve the increased sales per stop without radically increasing the time factor. It does have the tendency to increase the cost of distribution over a larger number of sales per call.

COMMISSIONER DRUMMOND: To carry on with this point, Mr. Saxby, is it so or is it not a fact that the larger part of your bread is now sold in stores rather than from the wagon at the door?

MR. SAXBY: In our case, yes; in our particular case. I think we have four plants where it is entirely directed to stores or restaurants and another group where probably only one-third of their sales actually goes through what we call retail outlets, so that in those cases probably it would run 35 per cent door-to-door. Yet, there are industries or bakeries in the country who are doing a very good job door-to-door and in some areas it is actually increasing. Let us put it this way, the baker who does an excellent job on a door-to-door basis usually concentrates on that and is quite successful at it even though his profit margins may be very, very thin. The same thing applies when it comes to the wholesale distribution through restaurants and stores and so on. The degree of concentration usually has the result of doing it a little more satisfactorily, a little more economically, a little more successfully than when it is a diversified operation.



COMMISSIONER DRUMMOND: In your case, since you now sell a smaller percentage from the wagon, does that mean that the wagon has to go a greater distance to be unloaded or have you been able to offset this lack of bread sales by supplementing the sale of bread with these other products?

MR. SAXBY: No, not in our case, we have not supplemented. In other words, we would have to go back a number of years to get to a point in which we did not handle cakes, cookies, rolls and so on. One factor that has supplemented our sales which may be of interest to you and has had the effect of making bread consumption appear to decrease is the tremendous increase in the sales of hamburger and weiner rolls and that type of thing. It is part and parcel of the same thing, we are not introducing new products to spread the cost of distribution. It is one factor that has developed which I think has made a contribution to the industry from an operating viewpoint and I think it is one thing too that has helped to give the impression that the consumption of bread particularly is reducing.

COMMISSIONER DRUMMOND: Perhaps I can ask this in a slightly different way. Since now a larger number of people are getting the bread at a store, would it follow that your delivery men, that is the wagon, has to go further between doors?

MR. SAXBY: If we were to pursue a policy of maintaining a complete distribution in all areas, but we are not. I am talking about



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our company where the retail or door-to-door distribution can be carried on on a reasonably economic basis and there is a volume of retail population set up to concentrate on the customer and so on and make it economically feasible, we do it.-- llet us say where you have to do a tour of the country and so on and so forth to cover the number of customers that we do not. Does that answer the question? We just do not follow it to the extent you suggest we might have.



COMMISSIONER DRUMMOND: To some extent the same question -- I think it is rather important -- we hear a good deal to the effect that the average consumer insists on having her bread very fresh; in other words, having it not more than about a day old, and so on?

MR. SAXBY: Yes.

COMMISSIONER DRUMMOND: My recollection is that years ago the bakery wagon did not come along a certain street too often. Is the degree of regularity greater than it was, say, ten years ago?

MR. SAXBY: No, I would say the degree of service has decreased to some extent. Again we get into the -- we have to go back fifteen years and we get into the spheres of labour costs and availability, and so on, which has radically decreased the services available to the public in that respect.

COMMISSIONER DRUMMOND: What I was thinking about is this: if it is a fact, as it apparently is, that the consumer at an earlier date was willing to consume bread which was, say, several days old, whereas now they are not, that, other things being equal, would suggest that you would have to deliver to them more regularly?

MR. SAXBY: Yes. It is a fact, other things being equal, that this may contribute a little bit to price spread, in that the basic quality of the product has been increased to a degree -- to the benefit of the farmers, incidentally, in so far as milk and butter and so forth are incorporated into the product; it has helped it to stay fresh somewhat



longer.

COMMISSIONER DRUMMOND: On that point of freshness, to what extent, if any, has the packaging of bread retained the price or increased the price?

MR. SAXBY: Again you have to go back a long way to get to a point where bread was not packaged as such. I think in the last ten years or so the package itself has improved. Then, there has been no real basic change in the packaging of bread; bread has probably the most simple and elementary type of packaging and less costly type of packaging that can be produced. But it has improved; we are able to get better paper, paper waxing, with coated finishes; our machine operations are better; we are able to produce, let us say, a more uniform product, and so on and so forth. So I think the staling of bread has been slowed down considerably, through a combination of factors.

COMMISSIONER DRUMMOND: Not just the packaging?

MR. SAXBY: No.

COMMISSIONER DRUMMOND: But packaging itself has improved?

MR. SAXBY: Yes, although it is basically the same, fundamentally all the same.

COMMISSIONER WALTON: There would be a price differential to your loaf of bread that is available in the store to the one that is delivered at the door, I assume, or is that your policy?

MR. SAXBY: No. As a matter of fact, the actual store price we don't have any direct control on. We establish a price on our door-to-



door routes and sell it at that price and, let us say, usually -- or the mark-up to the grocer will probably be in the category of 15, 16, 17 per cent, something like that. But what he does with that mark-up we have no control over in any shape or form.

COMMISSIONER DRUMMOND: From time to time we see in the daily press information to the effect that the price of bread in a certain area has gone up, say, a cent a loaf. To the uninitiated observer it would appear that there is something in the nature of a regional pattern to this price increase. Is there such a thing, if it determines where the price goes up first?

MR. SAXBY: Regional -- you have the right word there because various regions across the country are quite different and therefore the upward cost pressures, and so on, may be entirely different and to an extent completely different. There are the differences in labour factors in various parts of the country; there are various things which -- well, let us talk about the proposed 19 per cent increase in the freight rates, just by way of example. That will have a much bigger effect in Newfoundland. To some extent we are living in four or five different worlds if we just talk about bakery costs.

COMMISSIONER DRUMMOND: How would the fact that a lot of people in Newfoundland bake a lot of their own bread come into it?

MR. SAXBY: Well, you would have to look at the geography of the province and the spread of



population in Newfoundland. I would think that, for example, in a place like St. Johns, where the largest concentration of population is, people baking their bread there would probably have about the same percentage as you would find in a similar city in New Brunswick or Ontario. Maybe -- I imagine they don't make as much as they did in some western towns.

COMMISSIONER DRUMMOND: That is right.

COMMISSIONER WALTON: On the packaging, you have indicated that the form of it hasn't changed a great deal but the texture has been improved. Then superimposed on this wrap we have all the gay colours, we have blue and white?

MR. SAXBY: Yes.

COMMISSIONER WALTON: We had one submission some time past with reference to bread, that if someone conceived the idea that they would like to increase their share of the market for bread in that community or area they better get a better wrapper, better eye-catching wrapper, for the consumer, and then the competitors hear about it immediately and they perhaps, too, would have to put on a new dress to attract. Perhaps the new package initially does stimulate sales. Supposing it did, then I would think, in the light of other things we have heard, that the increased volumes would perhaps help defray the initial cost of lithographing this new wrapper. We have a limited capacity for bread, perhaps, and a new coloured wrapper is not of necessity going to increase our total intake. Every bakery in the



area is put on competition and has gone to the extent of putting on a new wrapper. Has this tendency, whether it has happened over two years or five years -- isn't this an added expense which has to be added?

MR. SAXBY: Yes, it is an added expense. You would be surprised how minute it is. In so far as bread is concerned, the real increase in cost of bread packaging has simply been a yearly increase, in time cost. When you think of the specialty bread, where you are doing a specialty job, which is a very small percentage of the bakery business, you might be correct, but taking the bread as the total, I don't think the cost of the new plates or new wrappers runs into any great amount of money. There is practically no lithographing as such. As far as colours are concerned, the conventional is a three-coloured wrapper.

I was in the baking business during the war, and I was dismayed how many times, when we had to have waxed paper, it was the same colour, but you could go into different stores and have four or five different wrappers with different colours on them. But what the industry is faced with in that doesn't make it, doesn't give it the money to waste, if you want to apply that term; there is that thin, thin margin to work on, so that every dollar that is spent is gone over as to its effect, whether there is any profit in it or not. There is not a lot of money spent on packaging of bread in Canada.

COMMISSIONER WALTON: That is what I was getting at, where the packaging of bread is not



a big factor in bread costs.

MR. SAXBY: That is right.

COMMISSIONER DRUMMOND: I think perhaps that the case that Mrs. Walton referred to did have reference to cookies, more expensive items which are frequently more elaborately packaged.

MR. SAXBY: Yes.

COMMISSIONER DRUMMOND: And a witness said it was all very stupid, but this is what went on.

MR. SAXBY: Yes. Well, we have to make a distinction here between the baking business as such and the biscuit business. You have all seen a lot of these imported biscuits and locally-made biscuits, and so on, where they have beautifully lithographed packages, and so on, on them. But that is really a different industry from ours. The packaging in most cases is a cardboard boat to protect it, a thermo~~l~~-sealed label on it, and the price on it. Again it is in its simplest form.

When you get round to door-to-door with cookies and serving the customer on that basis and doing the job a distance from the plant, they had to be packaged to protect them. When you look at that cardboard boat, from the point of view of cleanliness, it would be the minimum which would be arrived at. We run possibly twenty-five different boxes and so on of that type, you know, with the two-coloured printing on it, which we like to use, and our costs for packaging have increased tremendously. Basically it gets back to costs, and it goes back to the mill, the



processors lithograph it and print it and ship it in. So there are a dozen and one costs come into the very healthy increase in the bread industry, but it doesn't amount to an overall elaborate package in itself.

THE CHAIRMAN: There is a problem here that the Commission is trying to get to grips with. In general, it is the possibility, at least, that with the introduction of a new package, if you like, which does involve an increase in cost by the initial introducer it has a result of increasing his sales, but when the salesman comes back and reports it, then everybody gets into this, and the possibility at least that in the end this doesn't sell any more of the basic commodity which the primary producer is interested in, but that the end result is that you have perhaps the same amount of basic material sold, the price, including the package, has gone up, and what, in fact, the consumer is paying for is the package, and I think this is the general problem that we are concerned with and how far it does apply and what kinds of cases it may apply to, and it does not apply in other sort of situations, and I suppose in the end the answer may be, well, they are like new dresses, maybe the consumer would like fancy packages, anyway, and they are prepared to pay for that, and that is what they are getting for their money. But we are trying to explore this viewpoint.

COMMISSIONER WALTON: At least Mr. Saxby doesn't put in a weiner with every bun, does he?

COMMISSIONER DRUMMOND: What you said



about what you called specialty breads led me to wonder just what that term really implies. It means all the different varieties of bread, the sizes of loaves?

MR. SAXBY: Well, basically the standard loaf is the regular weight; in Ontario that would be 24 -ounce white bread and maybe seven or eight per cent whole wheat bread. That is the standard, let us say, type of bread. When you get into the smaller varieties of rye or sesame or French bread types, high protein and that type of thing, you are definitely getting into a product which is produced because there is a desire for a change of pace, change of bread, variety, and also you have all different sizes of families with their different preferences, and so on. So you have to take care of these different products. But those items do cost more; even then the basic ingredients are no more expensive. The minute you cut down a production line which is producing four thousand or so loaves an hour and switch it over onto a twelve or sixteen-ounce line of production, your actual volume is reduced at that point, your baking time, your oven -- let's say you increase costs all the way through in relation to the unit produced. The same thing goes down to the packaging, and so on and so forth.

That is what I was referring to when I referred to specialty products, and which are, probably without exception, always sold at a considerably higher price per pound than the conventional standardized loaves.



COMMISSIONER DRUMMOND: Compared to standard, a relatively small proportion?

MR. SAXBY: Yes.

COMMISSIONER DRUMMOND: Has there been a distinct increase in this specialty bread production?

MR. SAXBY: There has been a percentage; I don't think it would amount to two per cent or three per cent for the whole works. Incidentally, Standard Bread has got out a very interesting paper about that a couple of months ago.

THE CHAIRMAN: Thank you very much indeed, Mr. Saxby. We appreciate your answers to our questions and the further light you have thrown on this problem for us.

MR. SAXBY: Thank you very much. Anything we can do we would be very glad to help out. Our answers to the questionnaire should be in in about ten days, and if there are any supplementary questions crop up, why, we would be pleased to get them and cover them to the best of our ability. Thank you very much.

THE CHAIRMAN: We will adjourn now until two o'clock.

---Whereupon the hearing adjourned until 2.00 p.m.,
Wednesday, October 15th, 1958.



---On resuming at 2.00 p.m.

Submission of
QUEBEC ENGLISH BRANCH
CANADIAN ASSOCIATION OF CONSUMERS

Appearances:

Mrs. E. H. Piper	President
Mrs. Roswell Thomson	Agriculture Chairman
Mrs. P. W. Calvert	Immediate Past President, Quebec Association; Member of National Executive

THE CHAIRMAN: We will come to order, please, and hear the first submission of the afternoon which is a brief to be presented by the Quebec English Branch of the Canadian Association of Consumers, Mrs. Piper, President.

Mrs. Piper, we are happy to have you here this afternoon, and Mrs. Thomson and Mrs. Calvert with you. If you would like to read your brief to us, perhaps we will then have some questions.

MRS. PIPER: Thank you, Mr. Chairman; we are happy to be here.

Before beginning to read, may I extend to you and the members of the Commission, on behalf of our members here in Quebec, a very warm welcome to our city.

I would like also to brief you on the ladies I have with me. Mrs. P. W. Calvert is a graduate of Northwestern University, Immediate Past



President of our Quebec Association, and a member of our National Executive. Mrs. Calvert is experienced in the field of adult education.

Mrs. Thomson, Chairman of our Agriculture Committee, is a graduate of the McGill School of Physical Education. She is Vice-President of the Quebec Women's Institutes, a member of the Protestant Committee, the Quebec Council on Education. Her husband is a producer in Abbotsford of apples and purebred swine.

It is a matter of regret to our delegation this afternoon that Madame Henri Vautelet, who was very helpful in the preparation of our brief, is, through illness prevented from being with me.

In presenting the brief of the Canadian Association of Consumers, Quebec English Branch, I should like you to know that it was read and approved at a meeting of our Executive, Local Branch Presidents, of which we have thirty-nine, and representatives of participating organizations which number eighteen, as well as delegates from some fifteen member groups, most of which are formed within the framework of our Women's Institutes.

We also have on hand a letter from Madame R. Belsisle, President of our Quebec French Branch, expressing her pleasure in endorsing this brief, which she has done.

This submission is made by the Quebec Provincial English Branch of the Canadian Association of Consumers, hereinafter referred to as CAC. Our membership is representative of all segments of



the economy, including Primary Producers, Manufacturers, Wholesalers, Retailers, Labour and Professional classes. It is therefore our obligation to make these representations to the Commission on behalf of the consumer, both rural and urban in the Province of Quebec.

Data as to the prices paid to primary producers, costs of processing and merchandising, profits (reasonable or excessive) to all interests involved and eventual costs to consumers should be available to the Commission from various Government Departments as well as briefs presented by producer and trade organizations. Our committee has studied briefs presented by other branches of CAC and we feel it would be redundant to deal with specific instances of price spreads and suggestions which have already been covered. Therefore it is our intention to express our views on principles pertinent to the terms of reference of this inquiry which we have found to be important in the course of our activities in this province.

The question which occurs to us is to what degree is the price spread (even although profits may not be unreasonable) due to services which may not be required or desired, to excessive advertising and sales promotion, or, on the other hand, to undue regulation by Marketing Boards or Commissions which may, inadvertently, protect the inefficient producer or processor, to the detriment of the consumer.

We are quite ready to recognize the fact that, in our modern economy, with its more efficient



methods of marketing, there must be many middlemen, each in a specialized field. We even feel that this is much to be desired as it has opened up many new fields of employment. We doubt if the public would accept a return to the direct farm to city doorstep delivery of our forebears. The extra services offered consumers today entail extra expenses for equipment, packaging materials and wages, etc., with the result that each pound or unit of food sells at a higher retail price than formerly but the average consumer is prepared to pay that increased price whenever she values the extra convenience more highly than the extra cost involved. This additional service results in a smaller share of the retail food dollar going back to the farmer, the feeder, the rancher and the fisherman, and consequently there is a greater price spread. Nevertheless, producers generally benefit in that their main interest is not in the percentage of the retail price they obtain but in the total amount they receive for their produce. Any service the consumer wants and will pay for adds to the cost of the product and to the share of the retail price that goes to pay for such service. But on the same number of pounds sold the same number of dollars go back to producers, and, if additional service increases consumer demand, the additional demand actually means more dollars for the primary producer.

There is some consumer opinion that pre-packaged goods, self-service systems and other refinements of marketing are being forced on them



by retailers who, in turn, claim that their use cuts down costs. In such a situation the only real protection from exploitation afforded the consumer is a strong and free competition. This gives rise to some doubt in our minds as to whether some of the costs imposed on the consumer are justified.

I might interject here a remark that, sitting in on the hearings this morning, I was particularly impressed with the discussions between the Commission and Mr. Genser of Steinberg's, and if the Commission would so desire, I would like to discuss that matter with them at the conclusion of my brief, from a consumer point of view.

On the question of Sales Promotion, Advertising, Coupons, Premiums, etc., our organization recognizes the need for some method of increasing sales to the point of mass production where prices are kept down and the public benefits. However, our Quebec CAC views with deep concern the spiralling cost of some sales promotion practices. In some fields bribes-to-buy seem to have become more important in the business of selling than the quality of the offered product. In regard to packaged cereals we are convinced that this practice has been carried so far that it has become a perversion of sound economics. We cannot accept the statement that such methods represent only a fractional amount in the cost of the product when we study reports from the Dominion Bureau of Statistics, (see reference paper No. 67 of the report of the Industry and Merchandising Division



of the Federal Department of Trade and Commerce on Advertising Expenditures in Canada, 1954. Page 13 Table 8) which indicate that in the sale of breakfast foods the ratio of advertising expenditures to sales is 11.7 per cent. This stands out in contrast to the figure of 1.07 per cent for other industries.

Mr. Chairman, I also have some supplementary material on what CAC has done about this matter already, which I would like to present during the questioning.

We wonder if coupons and premiums, of which large numbers are never turned in by consumers, should not receive closer scrutiny by the Income Tax authorities, and if the cost to our economy of unrestricted blandishment of the consumer should not be evaluated. As consumers we feel the time has come when some control must be exercised over this wasteful and unnecessary practice, which adds to the price spread and often is imposed on the buyer without her sanction. We suggest that some reasonable ratio between total sales and all promotional expenses must be determined and to the extent that expenses exceed such ratio they should not be allowed as an expense of doing business for purposes of taxation. This appears to be the only way by which companies in this highly competitive field might be enabled to get off the merry-go-round -- a wish which has been expressed to us by some of these interests on many occasions. This suggestion follows the basic principle which limits, for taxation purposes, the amounts which



corporations may donate to charity.

Along with the above-mentioned practices we would draw your attention to the growing use of Trading Stamps, with special emphasis on retail food stores. These schemes must increase prices to the consumer. They cost the retailer approximately 2 per cent of his gross sales and are a profitable operation for stamp companies. The retailer must raise his sales 25 per cent or raise his prices to cover the cost of the stamps. When such schemes blanket one marketing area prices must go up to carry the Trading Stamp Companies as the overall consumption of food will not increase appreciably.

We deplore the fact that trading stamp companies have moved in to act as parasites in the handling of food products. The consumer is entitled to true value in the purchase of food, all the way from the primary producer to the retail outlet and it is our conviction that trading stamps increase the cost of distribution and widen the gap between the producer and consumer to no good purpose. We would point out that certain provisions of the Criminal Code of Canada are meant to prevent the use of trading stamps in this country but loopholes have been found which make successful enforcement almost impossible. This is illustrated by the action taken in this province by the Attorney-General. Although the company was found guilty, a token fine was imposed because the mode of operation was changed to conform with the letter of the law and so the company



is still in operation. It appears that certain changes in the Criminal Code are indicated and we would urge the Commission to give immediate attention to this problem.

We further submit that there is no substitute for good, informative advertising which is an integral part of modern business procedure on which consumers depend as a guide to sound, intelligent buying.

In regard to marketing boards we recognize that this is a provincial field and lies outside the sphere of influence of this Commission. We feel, however, that the extremely wide powers given marketing boards throughout the country by the Federal Government in recent legislation have contributed and will contribute more and more in the future to the power of such marketing boards without proper control over their operations. We would strongly urge an examination of the real effect on the products they protect, through regulation, and also of their responsibility to the buying public. Marketing boards in many places show an indifference to consumer interests and consumer wishes. We append hereto our brief submitted to the Quebec Dairy Industry Commission on July 9th, 1958, which sets forth our views on the marketing of fluid milk in this province, including methods by which the price spread in this field might be reduced. This Commission is an example of how a marketing board, supported by the public purse, can function in the interests of the producer and distributor



without sufficient regard for the wishes of the consumer.

On the other hand, the Province of Quebec Agricultural Marketing Board has recognized the vital role of the consumer and has accredited our organization as the body qualified to represent the consumer before it. Our first official appearance was at the Arbitration Court proceedings which dealt with matters under dispute between the Carnation Company of Canada Limited and the Carnation Milk Producers' Board of Sherbrooke, Quebec. We attach hereto our submissions to the Board at that time. They will serve to illustrate the part which we feel consumers should be allowed to play in the functioning of any such Board.

Mr. Chairman, at this point I would ask your permission to read to you an excerpt from a letter written to Mrs. Brewer of our National Executive prior to our national annual meeting last week. It may serve to emphasize our qualifications as far as any participation in the activities of marketing boards are concerned:

"From Judge Heon.

"There is one message which I would
"want you to give to your delegates with
"some insistence and it is as follows. In
"July it was my duty to preside at an arbitration hearing wherein the Carnation Company and its producers and suppliers were
"in disagreement. Under our Marketing Act
"your Association, Quebec English-speaking
"Branch, presented both a preliminary brief



"and a final written factum. Your repre-
"sentatives did your Association great credit
"and honour during the whole of the proceed-
"ings, thereby setting an example for the
"other parties to the arbitration, and I am
"more convinced than ever before the consumers
"should have a statutory right to be heard
"every time their interests are threatened
"with jeopardy.

"May, then, your Association continue
"to grow and develop as an essential national
"movement."

Mr. Chairman, lest we might be accused of boasting,
I would prefer perhaps that it should not go into
the record and that you might use your own judgment
about that.

THE CHAIRMAN: I am afraid everything
that is read here goes into the record, but there
is nothing to be afraid of in that regard.

MRS. PIPER: The above-mentioned sub-
missions will also indicate to the Commission the
role played by Governmental Boards in the control
of prices and price spreads. Regulations by a
Board such as the Dairy Commission in Quebec in-
crease the price spread by forbidding more economi-
cal methods of marketing such as multiple containers,
and savings in price due to what is termed a "store
differential" where the customer saves by elimina-
ting home delivery service.

Where the price spread is kept low due
to insistence by Boards on a higher price to the
producer, and, at the other end, by consumer



resistance to a higher retail price, the processor-distributor may be caught in a tight squeeze with a narrow margin of profit on which to operate. With the demands of labour increasing at every turn it may become impractical for him to continue operations in any given area. This is put clearly in the attached brief to the Agricultural Marketing Board.

At this point it would appear in order for us to comment on the role which Labour and its demands are playing in the price spread question to-day. As a consumer organization we are being made aware that these demands are posing a greater and greater problem for those who are concerned with keeping costs to a minimum so that the buying public (which, we must remember, includes labour) may purchase a primary commodity -- food -- at the lowest possible price. At the same time there is, we feel, a real desire to give the producer a fair return for his efforts. If we wish to eat we must make the production and distribution of food profitable.

We are able to cite a very recent experience with this problem. We have conferred with the Montreal Bakers' Association, which organization has applied for a decree from the Provincial Department of Labour to limit all deliveries of bread, cakes and pastries to Monday, Tuesday, Thursday, Friday and Saturday. This is because five bakeries doing much less than half of the business in the City of Montreal and surrounding municipalities have signed labour agreements granting a five-day work week. They claim that



they cannot cope with a six-day delivery week and hold the price line. Neither can they cope with the competition from the 35 or more bakeries in this area which have been able to remain on the six-day delivery plan. The ultimate possibility appears to be that without a decree ordering all bakeries to fall in line these five large bakeries would be forced to raise their prices and it would be only a matter of time before the others would be charging what the traffic would bear and taking a larger profit until such time as their employees demand wages on a par with those of the large unions. Here the consumer would pay more for less service. And so we are reluctantly faced with accepting the lesser of two evils, regulation in restraint of trade.

We should point out that we find the margin of profit in the bread and confectionaries distribution trade here is about two per cent, similar to that quoted by the Dairy industry, whereas the accepted profit in manufacturing generally or in operation of public utilities appears to be close to five per cent. The companies involved in the above case are understandably reluctant to risk a possible loss by experimenting with maintaining the six-day delivery week in the interest of the consumer.

We must also recognize the fact that the price demanded by the primary producer is affected by labour in that any freight rate increase forced on our economy by labour demands, affects his costs. Possibly an important factor in today's price spreads



in food is the lack of essential economic information available to the average unionized factory or transport worker and the failure of his leaders to inform him in this field. Gains in wages must inevitably mean higher costs for what he will buy.

Here we might touch briefly on information available on food products to all consumers. Our experience has been that the Dominion Bureau of Statistics is reasonably adequate in supplying information to women capable of interpreting it. We also find in the daily papers information on wholesale marketing which can be compared with retail prices paid by consumers. As for improving this information we might suggest that significant, seasonal material be made available to CAC by interests concerned, which might deal with factors affecting costs of production resulting in variations in price spread. We emphasize that such information should be presented in simple, homely terms which can be readily grasped by the average woman consumer. If it is too technical it will bore and even scare her. Such information is made most palatable through forums on radio and television, and good articles in newspapers and magazines.

In conclusion we would reiterate our belief that this Commission has available to it the basic information as to the actual spread in prices between the producer, the processor, the merchandiser and the consumer. It is best able to appraise whether or not any one interest is exploiting others unreasonably. We are confident



that the findings of the Commission will pinpoint any offenders. Although admitting the need for regulation in some fields, we stress our opinion that a competitive marketing system, in the long run, is best for all. However, it must be protected from those who would play upon the susceptibilities of the uninformed consumer by offering premiums and prizes "at no additional cost" and from trading stamp companies and operators of similar schemes. We request

1. That legislation be recommended by this Commission to control promotional expenditures.
2. That the existing provisions in the Criminal Code be so amended as to stamp out the use of trading stamps and similar practices.
3. That the Commission examine ways and means to ensure that there be no abuse of the powers held by Marketing Boards.
4. That more adequate information be made available to the Canadian consumer about factors involved in the production and marketing of Canadian foods.

Prepared on behalf of the Quebec Provincial English Branch of the Canadian Association of Consumers and respectfully submitted by

Aileen M. Piper

(Mrs. E. H. S. Piper)
President.

Committee:

Mrs. Roswell Thomson, Abbotsford, Quebec
Agriculture Chairman
Madame Henri Vautelet, Montreal, Quebec



Submission to the Quebec Dairy Industry
Commission by the Canadian Association
of Consumers, Quebec Provincial Branch

This submission is presented by the Canadian Association of Consumers, a National non-profit, non-political organization with membership open to any woman resident in Canada. The Association has gained wide recognition as the voice of the thoughtful consumer. It has been accredited by the Quebec Agricultural Marketing Board as the representative of the Consumer in the Province of Quebec.

The Canadian Association of Consumers is concerned with the production and distribution of milk in this province because it considers milk to be the most nearly perfect food available. Fluid milk is at present the most convenient and acceptable form of milk for most consumers. To ensure a continuing supply of pure, fluid milk, it is necessary to assure both producer and distributor adequate return for efficient operation. Our association accepts a degree of regimentation in marketing when this regimentation is exercised in the general interest. However, it deplores the continuance of outmoded regulations which are contrary to the best interest of consumers.

With respect to the marketing of milk the Canadian Association of Consumers urges, throughout Canada:



- (1) The promotion and encouragement by regulatory bodies of the most hygienic methods possible, specifically including:
 - (a) Pasteurization of all milk sold for human consumption.
 - (b) Complete coverage of the top of the container.
- (2) Recognition of the right of the consumer to be officially represented on any body controlling the bottling, distribution and pricing of milk and, pending such recognition, the privilege of representation at all sessions or hearings dealing with the above-mentioned subjects.
- (3) Recognition of the principle that economies achieved by methods of distribution or by other means should be reflected in the retail price to the consumers.

The Canadian Association of Consumers, Quebec Provincial Branch, specifically urges the Quebec Dairy Industry Commission to reconsider the following Orders:

- (1) The Order prescribing the cap to be used in closing milk and cream bottles.

It is understood that this Order originally was related to control of paper products during the war years. Such control is now obsolete and distributors of milk today should be permitted to cover the bottle-top completely, use the present type of cardboard disc, or develop such other



method as they may find most effective and economical, commensurate with sound hygiene. Most consumers would prefer complete coverage of the bottle top and those who have had experience with this form of cover, especially in those areas of Quebec where it is permitted, consider it a hygienic necessity. Other consumers in the province are entitled to the advantages it provides.

- (2) The Order prescribing the size of the container:

In other jurisdictions it has been established conclusively that the handling, capping and distribution of two-quart and three-quart glass bottles results in substantial economies which have been passed on to the consumer. This also applies to two-quart cardboard containers. There is reason to expect that equivalent savings could be effected in Quebec to the advantage of the consumer.

- (3) The Order prescribing the retail price of milk:

It flows from Item 2 above that the Canadian Association of Consumers considers the consumer should be entitled to the benefits resulting from more economical methods of handling milk for distribution and that price differentials should be permitted those consumers who wish to profit by the economies offered in self-



service and carry-home purchases of food. Milk is the only product for which the consumer must pay the same price even when the expense of door-to-door delivery is eliminated by the voluntary action of carrying home the milk purchased.

In these fields of container restriction and price regulation we find the Orders of the Commission archaic, unrealistic and contrary to the public interest. They leave no effective field of competition to those dairies which are willing to more efficiently serve the interests of the consumer. Such competition is the firmest guarantee to the public of quality, service and value. We submit that the continuation of these Orders without substantial amendment as above indicated will result in an increasing use of powdered skim milk and other substitutes for fluid whole milk, thus reducing the most profitable market for the Quebec milk producer and distributor.

In conclusion, it is our considered opinion that any regulatory body such as the Quebec Dairy Industry Commission, the expenses of which are paid, inter alia, from funds derived from general taxation, should function in the interests of the taxpayer. We submit that Orders which deprive the public at large of the economic advantages of greater efficiency or reduced costs of distribution are contrary to the interest of that public and ultimately damage the interest of any industry serving it.

July 1958.



Statement of the Canadian Association of Consumers before the Quebec Agricultural Marketing Board in its capacity as Arbitrator in the Matter of the Establishment of Minimum Carnation Co. Ltd. paying prices for milk pursuant to the Quebec Agricultural Marketing Act

This statement is presented on behalf of consumers by the Quebec Provincial Branch of the Canadian Association of Consumers, a National voluntary, non-sectarian, non-political organization open to any woman resident in Canada on payment of a small membership fee. This Association is in no way a pressure group, nor does it allow itself to be involved in issues which may benefit one economic group at the expense of another. It works and speaks in the interests of consumers as a whole and at all times strives for the broad, long-term view.

We are most appreciative of the fact that the Quebec Agricultural Marketing Board has seen fit to grant us official accreditation as the body qualified to present the views of consumers in hearings such as this. We are well aware that this privilege carries with it a responsibility and will endeavour to carry out the duties expected of us to the best of our ability. To this end we have followed the deliberations with great interest and conscientious attention.

We regret that we have had very little knowledge of the details of the question under



dispute prior to this hearing. Since the submissions have been long and the matter of translation has caused some delay we have not been able to study the statements of the parties to the dispute thoroughly enough to present a detailed brief. We would, therefore, hereby request the permission of the Board to confine this submission to a short statement of principles and to submit our brief in detail at a later date.

We wish to state in the beginning that our purpose is not to recommend less than a fair profit on the dairy product in question for either the producer or processor-distributor, but to make suggestions and pose questions that may more realistically bring the consumer into the picture as a partner in the chain of producer-processor-consumer. These are made with a view to securing better understanding and closer cooperation as we are all necessary one to another.

With governments upsetting the economic law of supply and demand to maintain farm income at high levels, and with labour playing fast and loose with the costs of industrial products which the farmer uses and with the operating costs of the processor and distributor, the consumer feels caught in a trap from which there is no escape. The time has come for everyone to realize that the consumer cannot and, indeed, will not go on "paying the shot" forever and we would urge both parties to keep this in mind, especially in this time of apparent recession and lowered employment.

The Canadian Association of Consumers



wishes to see assured and maintained an adequate, safe supply of milk and milk products, which we consider our most important basic food at prices which consumers can and will pay and which will still provide proper returns to producer and processor. It is conscious of a need for further consumer education on the necessity of pasteurization and of the inclusion of sufficient milk in all diets. It is concerned with the production, processing and distribution of milk in all its forms. Our particular interest in these hearings is that pasteurization is in no way universal throughout Canada and we feel that a product such as Carnation Evaporated Milk is a necessity for persons requiring protection, particularly infants and children.

We are immediately challenged by the statement of producers who are being paid more for their milk than producers anywhere else in Canada, that the increased cost to the company involved in a higher paying rate can automatically be passed on to the consumer.

On the other hand we are not deeply moved by the claims of the company which would make it appear that being in business at the present time is most depressing. Everything is wrong with the milk market in spite of the fact that they are still operating, it appears, with a good profit, and this in a country where the consumption of evaporated milk is the highest in the world! We wonder if the spectacular increase in the use of concentrated milk products from 1940-1954 lulled



them into a false sense of security and the slight decrease .since that time may well make them uneasy. We certainly do not feel that the way to bolster the market is to raise the retail price.

Our Association accepts a degree of regulation in marketing when this regulation is exercised in the public interest. We approve protection of the primary producer when this is necessary to ensure a steady, reasonable return for investment and labour but when such protection is carried to the point where a surplus of the product is created or where no effort is made to increase efficiency of operation and no initiative is shown to adopt modern methods to the ultimate benefit of the consumer, then we deplore it.

We should like to know what use is being made of known techniques of breeding, feeding, and barn planning for reduced labour, to increase productivity, especially in the winter season, and to cut production costs. Any improvement which could make for a more stable supply of milk over the whole year would appear to be most desirable.

We would hope to find, too, in our study of the position of the Carnation Company, that a course of rigorous economy of operation has been pursued.

To summarize, the Canadian Association of Consumers asks that, in the marketing of evaporated milk, as in every other form of milk, before a price increase to the consumer be even considered, every avenue of economy be explored in



ANGUS. STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

the primary production, the processing, and distribution of the product.

Respectfully submitted by

Mrs. E. H. S. Piper

President, Quebec Provincial Branch,
Canadian Association of Consumers.

July 11, 1958.

Final Submission of the Canadian Association of Consumers, Quebec Provincial Branch, to the Quebec Agricultural Marketing Board, sitting in arbitration between the Carnation Company of Canada Limited and the Carnation Producers' Board of Sherbrooke, Quebec.

The Canadian Association of Consumers (hereafter referred to as CAC) has examined the submissions of the parties concerned in the matter under discussion. The following constitutes our considered views, further to the statement of principles already set forth in the record.

As we have stated, our primary concern is with the allegation of the Carnation Producers' Board (hereafter referred to as the Producers) that simply by increasing the price to the consumer the Carnation Company (Company) can pay the producer more. We, therefore, have studied particularly aspects of the submissions which deal with price. However, as we are also concerned with the orderly



and efficient marketing of a manufactured milk product which we consider an essential item on the market today, we shall include brief observations on other points at issue.

First, we shall deal with subjects raised by the Producers, not necessarily in order of priority.

We do not agree that any primary product should be guaranteed a market at a predetermined price unless it is in the public interest. In demanding that the company accept all milk delivered by them the Producers undoubtedly seek their own best interests without consideration for the consumer. Some agreement should be possible by which specified quantities of milk will be supplied at a fixed price, but for additional production the price should be subject to the economic law of supply and demand. To force the Company to take all the Producers' milk at a predetermined price, regardless of the requirements of the Company and its ability to sell its products either within or beyond the Province of Quebec is contrary to sound economy and detrimental, in the long run, to the interest of all. It would seem to us that some such agreement as above suggested would eliminate the question of inspection of company records relating to milk bought and sold at surplus prices.

The Company has reserved the right to decide whether milk delivered to it is of the required standard. We do not know, nor evidently



do the Producers, what those standards are nor why they may vary from those of the Inspector-General of Dairy Products of the province. In any event, CAC submits that the Producers are entitled to know whether milk delivered will be acceptable so that the cost of shipping substandard milk will not be incurred and so that such milk may be more profitably used. In our opinion, the quality standards, if not incorporated in the contract, should be filed with the Quebec Agricultural Marketing Board (the Board). It is alleged by the Producers that, as transport of milk may affect its quality, the Producers should have some control over such transport. The CAC is of the opinion that the question of milk transport must be common to all producers and processors and no special conditions should be imposed in this matter which may in any way affect the cost to the consumer.

It has been our understanding that the Board has approved marketing plans submitted by producers and required the purchasers to negotiate with a Producers' Board "for the fixing of a minimum selling price for the farm products to which the plan is applicable". If our understanding is correct, we can see no reason why the Producers and the Company in this case may not agree to prices which will vary from time to time according to the laws of supply and demand so long



as they do not fall below the minimum price established. Such variations in price should be effective as of the time they are agreed upon, without retroactive effect.

The Producers want a minimum price which apparently is higher than any received previously. They submit that this price can be paid by the Company without difficulty if the Company increases the selling price of its products. It is further claimed that the farmer is entitled to a higher proportion of the consumer's dollar. This view, in our opinion, is unrealistic in our present-day economy with its ever-increasing demand for refinements in marketing, not to mention advertising costs. Here we found no very adequate statement of the Producers' costs, of their profit at existing prices or of anticipated profit at the proposed price. The Producers have not shown that their costs here are higher than in other parts of Canada whereas the Company shows figures indicating that the paying price has steadily increased here in relation to the paying price elsewhere. We see no significance in their Chart No. 5, the comparison of the price index of commodities and services used by farmers, exclusive of living costs, with the price index of manufacturing milk. We note that they take as their mean (100) the year 1948-1949 when, according to our information from the Dominion Bureau of Statistics, the price paid in Quebec for milk sold



for all purposes was the highest in Canada and the highest ever recorded in the ten-year period 1947-1957. The price index of commodities and services used by farmers is not related to dairy farming exclusively. On the other hand, the Company has produced convincing evidence that the cost of primary commodities for the dairy farmer has decreased. No evidence is given to prove that the Producers operate their business at a high level of efficiency. We oppose any minimum price being established which varies from basic prices for similar quality milk delivered for similar purposes elsewhere in the province unless and until proof is submitted by the Producers that their margin of profit is below the average. Comparisons between the price of butter and the price of whole fluid milk of given fat and non-fat solids sold to the Company seem irrelevant to us. Carnation products are not bought by the consumer for their solid contents and in place of butter. Carnation Milk must compete for the consumer's dollar with whole fluid milk and with powdered milk and other brands of condensed and evaporated milk where whole fluid milk or cream is not available or economical.

The CAC must oppose any increase in the Producers' minimum price based on the argument that the consumer will accept an increase in retail price. The Producers are entitled to a



minimum price which will give a reasonable profit to the farmer of average efficiency. The Company is equally entitled to a reasonable profit commensurate with its investment. Under no circumstances can we support a price structure based on the maximum amount which may be extorted from the consumer so long as it does not affect sales volume.

In so far as the submissions of the Company are concerned, it is obvious to CAC that its primary objective is to obtain milk to process and market, at competitive prices, outside the province of Quebec. The Company gives no indication of the proportion of its production sold outside Quebec, nor is any evidence submitted of the prices with which its products must compete outside Quebec.

We cannot agree with the Company's claim that the "historic" differential between the milk paying-price and the selling price of its products should be restored, presumably by a reduction in the milk-paying price. The financial statement of the Company -- which does not segregate its Quebec or even its Canadian operations -- indicates beyond any doubt that its business has been most successful. Profits earned in 1957 were \$4.54 per common share, the dividend rate being increased in December of last year from \$1.25 to \$1.50. We can only conclude that no reasonable justification



exists for any "historic" differential if it means any increase in price to the consumer or a reduced price to the producer. In fact, the Company here may be on uncertain ground in that if the farmer were permitted to restore that historic differential concerned with his share of the consumer dollar, the processor would be penalized.

We are impressed by the statement that the Company pays well over the average price paid for all manufacturing milk in Quebec but we feel that a more significant comparison would be that between the Carnation price and that paid by competitors in the evaporated milk field buying in this province. In a brief submitted by the Quebec Women's Institutes Inc. to the Quebec Commission for the Study of Problems Relating to the Production and Distribution of Agricultural Products in the Province (April 1954) we find the statement that farmers in the Sherbrooke region have to sell to the Carnation Company because of a surplus of fluid milk and difficulties of delivery of fluid milk which cannot be surmounted. The claim was made that, since there is no competitive market, the Company can buy at surplus prices. In our opinion, the farmer, in these circumstances, must be protected from exploitation but we would warn him that he must not kill the goose that lays the golden egg. What would he do if the Company decided it was no longer profitable to continue operations in that area?

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We have conducted some consumer research to check the claims of the Company that their product is being sold in a highly competitive market at the present time. There are several brands of evaporated milk being sold in Quebec. One of these, produced in Granby, is selling in Montreal stores at a slightly lower price. Another sells at the same price and another at a higher price. We have ascertained from the manager of a well-known national food chain that the sales of evaporated milk for the first quarter of this year were down 5 per cent from a year ago and the sales of powdered milk were up 11 per cent. The Dominion Bureau of Statistics reports that there has been a 20 per cent increase in sales of powdered milk. We do not feel that this last mentioned product gained so much from evaporated milk as it did from whole fluid milk because of its economical price. We have on file a letter from Mr. M. Rachlis of the Department of Agriculture, Marketing Service, dated July 23, 1958, in which he writes as follows:

"When you receive the data from the
"Dominion Bureau of Statistics you
"will note that production and domes-
"tic disappearance of both products
"have been rising steadily in Canada
"for several years. The fact that
"this is so makes it extremely diffi-
cult to establish clearly any strong



"competition between the two products.

"My personal opinion is that although

"there may be some competition between

"them, in fact, both -- and recently

"more particularly dry skimmed milk --

"have been in competition with fluid

"milk sales to consumers."

It seems inconceivable to us that in the midst of a world surplus of milk we should pay more for a milk product. We note that in the "Economic Annalist Dairy Products" reports that holdings of evaporated whole milk and skim milk powder in the first quarter of 1958 are much larger than last year. Evaporated whole milk in 1958 was 22.1 million pounds as against 12.3 million pounds in 1957.

We wish to point out that we attach much importance to the fact that powdered, skim milk is not a complete substitute nutritionally, as regards Vitam A and D, for whole evaporated milk and we are surprised that the Company does not make much more of this fact in its advertising material. We might also ask if the Company has been sufficiently progressive in another aspect of marketing. From time to time we have complaints about its old-fashioned, inconvenient tin. Why doesn't it use the modern lacquered tin with the lip which can be opened on a standard can opener?



We ask, too, why the Company is in the business of selling gloves at a very special price of one dollar, an item totally unrelated to its product, (See recent TV advertising) instead of giving a price reduction special once in a while?

The basic views of CAC have already been stated. Study of the submissions and evidence has not altered them. The onus has been on the Producer to prove that he needs this sizeable increase in paying-price to continue to market his milk and we feel that no acceptable reasons have been presented by the Producers to warrant the contractual advantages they seek except as indicated in this statement. In fact, it seems to be a profitable operation to produce milk for processing by companies such as Carnation in this province because figures we have obtained from the Dairy Statistician, Agriculture Division, Dominion Bureau of Statistics, show that from 1947-1957 the production for this purpose increased by over 100 per cent. On the other hand, the Company appears to be in good shape financially and we certainly hope that if it is forced to pay a somewhat higher price for its milk the officers will retain their concern for the consumer which has figured so prominently in their presentation and, by ever more efficient methods of operation, save us from any price increase.



We sincerely hope that these representations made on behalf of the consumer may lead to a more enlightened approach to the points at issue in this matter by all concerned and that the interests of the consumer will be most carefully considered by the Quebec Agricultural Marketing Board in any decision which it may render.

Prepared on behalf of the Quebec Provincial Branch of the Canadian Association of Consumers and respectfully submitted by

Aileen M. Piper

(Mrs. E. H. S. Piper)
President, Quebec English
Branch

Committee:

Mrs. Roswell Thomson
Mrs. P. W. Calvert
Mrs. A. D. Nickerson

August 15, 1958

THE CHAIRMAN: Thank you, Mrs. Piper. I shall now ask the Commissioners if there are any questions they would like to direct to you, and I am sure if they do not ask the right questions to extract the information which you want, you will see that the opportunity is made.

COMMISSIONER MARTIN: You mention in your brief that marketing boards may have some effect on price spreads, and in some way may protect, as you say, the inefficient producer or processor or consumer. Will you comment on that statement? It is on page 1 of your brief, the third paragraph.



MRS. PIPER: Mr. Martin, we feel that marketing boards, by creating a very stable, secure atmosphere in which the producer can operate, do contribute to encouraging certain types of producers to stay in the same old rut, perhaps, and not explore new methods of production and marketing. If a freer competition were involved, we feel it would act to our benefit, and it would keep these people on their toes.



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COMMISSIONER MARTIN: But are you making a difference between what marketing boards settle in the way of the Dairy Industry Commission, because of the power to establish prices to producers and to the retail end, and the other marketing boards which are organized by farmers themselves to discuss in many ways with processors or distributors the practices by which they can sell their product? It is quite different.

MRS. PIPER: Did you ask me to distinguish between different types of marketing boards?

COMMISSIONER MARTIN: Yes. Do you see any difference between the marketing boards like you refer to, the Dairy Commission, which is a kind of marketing board, and other marketing boards organized under that new legislation we had a few years ago?

MRS. PIPER: Yes. We do, Mr. Martin. As we pointed out in the brief, our egg marketing board has taken quite a different stand from that of the Dairy Industry Commission in that they appear to be prepared to listen to a third party involved, the producer, the processor-distributor and the consumer. We feel that our views are well balanced in the deliberations of the Quebec Marketing Board so far, but we are not to any degree convinced that the same thing applies to the Dairy Industry Commission in our province.

COMMISSIONER WALTON: Do you have



public hearings of both commissions, your dairy and your agricultural?

MRS. PIPER: No, not in the dairy industry. They will have public hearings once in a while.

COMMISSIONER WALTON: But no participation from anyone interested?

MRS. PIPER: In all fairness to the Dairy Commission here I must say this summer we were received very courteously and listened to but it was the first time that this happened. Members had appeared previously at specially called public hearings.

COMMISSIONER DRUMMOND: I think the point that Mr. Martin is trying to get across is this, that there is definitely a distinction in the actual nature and purpose of the type of board represented by the Quebec Dairy Commission and marketing boards in general -- that is other types of marketing boards, your Quebec Dairy Commission, similar to the other various provincial marketing boards is designed not only to have some say relative to the price the producer obtains but also to have some say in regard to what happens after that price is determined, including what you as a consumer pay at retail. That does not apply to any of the other marketing boards.

MRS. PIPER: It does to the Agricultural Marketing Board as set up now, but under that



Board there are individual marketing boards set up which certainly do operate in the interests of producers; they are called producers' boards. I spoke here of our Agricultural Marketing Board which is the Quebec Board.

COMMISSIONER DRUMMOND: You mentioned in your brief that provision has been made for Judge Heon's boards to give consumers' representation; is that not correct?

MRS. PIPER: Yes.

COMMISSIONER DRUMMOND: That being the case, what have you as consumers got to fear from marketing boards?

MRS. PIPER: We do not have anything to fear in this province and that is the point we are making, that we are, in so far as Quebec marketing, agricultural marketing board, is concerned, we would like to point out to this Commission the fact that the steps they have taken is unique in Canada and we are proud of it. On the other hand, the dairy industry commission deals with the marketing of fluid milk which we feel is one of the most important items in food in our economy today, and the situation with the Quebec Dairy Commission is completely different from the situation with the Agricultural Marketing Board and to date it does not appear that the marketing board is going to have jurisdiction over the fluid milk,



the marketing of fluid milk.

COMMISSIONER KIDD: On page 6, Mrs. Piper -- it starts really on page 5, at the bottom, where you say:

" . . . the margin of profit in the
"bread and confectionaries distribu-
"tion trade here is about two per cent,
"similar to that quoted by the dairy
"industry, whereas the accepted profit
"in manufacturing generally or in opera-
"tion of public utilities appears to be
"close to 5 per cent."

Per cent of what is that? Is that of sales?

MRS. PIPER: Of sales.

COMMISSIONER KIDD: Of sales?

MRS. PIPER: Yes.

COMMISSIONER KIDD: You have not taken it on the investment?

MRS. PIPER: No.

COMMISSIONER KIDD: You do not have that figure?

MRS. PIPER: No, we just took it as a figure which we asked for and had quoted to us and we did not go into any great detail.

COMMISSIONER KIDD: I notice throughout your submission you advise Labour to be very careful in making its demands. Have you any suggestion as to what you think the labour return should be in



any one of these industries that we are talking about in here, or in industry in general? Are you suggesting some form of regulation of income for workers and, if so, what relationship should that be to the income of other groups in this competitive society of ours?

MRS. PIPER: Well, Mr. Kidd, I feel that is quite beyond our terms of reference; as a consumer group I do not feel it is up to us to decide what should be paid to labour in any field.

COMMISSIONER KIDD: You say you are offering some advice there, but I was wondering if you had anything further to offer along that line. I was wondering, too, because you place a great deal of emphasis on this point here, it seems to be your major contention that your problem is one of rising labour income. You say the gains in wages must inevitably meet higher costs for what you will buy -- why do you say that?

MRS. PIPER: Because we have discussed this with many people. We have discussed it at some length with the dairy people and also with the bread people and the impression we got was that -- they appeared to be convincing, but we have not presented them in the brief because we did not feel they were properly substantiated, but they do feel that labour certainly in these particular fields is having a great influence on the cost of these commodities.



COMMISSIONER KIDD: So it is not necessarily your own opinion here?

MRS. PIPER: Not necessarily but we do feel it has come to us from every side. When we take up these questions of why they want to keep the prices up, why there is a raise in the cost of milk, why the price of milk goes up, why we are getting a five-day delivery a week instead of six, which you must admit is an inconvenience to the present-day consumer, we are told that they cannot hold the price line and pay the salaries; it is a matter of wages going up and it is also a matter of a shorter week work -- that is less work for more pay.

COMMISSIONER KIDD: Would you say that a wage of \$40 or \$50 a week would be exorbitant in this area of industry?

MRS. PIPER: I do not believe it is for us to say. We are not setting ourselves up as a business organization that has to decide what shall be paid in wages; we are merely citing answers we get when we make inquiries as to why there are developments that affect us as consumers.

COMMISSIONER KIDD: I was just wondering or trying to find out from you what area you thought wages should be in, if they are going too high or if they have forced up the price of any one of these products, would you say generally that wages should be a subsistence level or would you

go further than that?

MRS. PIPER: No; certainly we do expect the worker to be paid an adequate wage.

COMMISSIONER KIDD: You do not care to comment on what that adequate wage is, though?

MRS. PIPER: No, I think you, sir, would be in a much better position to say than I.

COMMISSIONER KIDD: I was very much interested in another sentence there when you say that the failure of his leaders to inform him in this field of economics -- I was wondering what your reference for that statement was because as you suggest ---

MRS. PIPER: I do not think we have a reference. This is just a general impression which we get coming at us from all angles. Mrs. Calvert is more knowledgeable on the history of our relationship in this field and I would like to ask her to speak for me.

MRS. CALVERT: I would like to say that in a talk recently -- I cannot quote the person or the place, but it came from a labour representative who answered when asked, "But do you not know that it increases the cost of living to ask for higher demands all the time?" And he said, "Well, I did not think of it that way." Now, he was one of the labour men who had not been informed by the labour union representatives who



were asking for an increase. Does that explain our reference?

COMMISSIONER KIDD: I would agree he was pretty badly misinformed.

MRS. CALVERT: A great many of them are.

MRS. PIPER: I might add to what Mrs. Calvert has said, it was a source of satisfaction to us this summer to see the conciliation board which was acting in the steel strike in Hamilton between the workers and management come out very strongly with the point that in these labour disputes there is a third party involved, the general public. As far as we are concerned in the marketing of foods there is the producer, there is the middleman and there is the consumer.

COMMISSIONER KIDD: At the bottom of that page you say:

"We state our opinion that a competitive marketing system is best for
"all."

Do you think there is any conflict in that statement and the previous statement at the top of the page about the relationship of the workers to the rest of society?

MRS. PIPER: Could you put that to me more clearly, Mr. Kidd?

COMMISSIONER KIDD: You say here:

"We stress the competitive marketing



"system is best for all."

Further up the page you go to some length to suggest that labour would be well advised to restrain its request for increases. Is there not a conflict between those two statements? I will elaborate on that a little bit. My understanding of this free competitive society is that each group in it must be free. Now, are you suggesting that one group should be limited and others left to seek their own level, or what are you suggesting in there?

MRS. PIPER: No, we do not feel that it should operate for one group and not for another. We think it should be a free economy and there is much I can say about it because we feel, looking at it from all sides -- we feel, for instance, that the farmer who feels that he never gets as much as he should when he compares himself to labour groups, is much the freest operator in this economy and until the farmer is prepared to band together and submit himself to the regulations that organized labour groups hold over their members then the farmer perhaps cannot expect to be treated in the same way as labour. There are many different angles of our thinking on that matter.

COMMISSIONER KIDD: Thank you, that is all.

COMMISSIONER DRUMMOND: Mrs. Piper, I



notice that you make very considerable in your brief of the promotional programmes, trading stamps and so on. Near the bottom of page 2 you state that large numbers of these coupons and premiums are never turned in by consumers. Have you any conception whatever of the percentage that is turned in or is not?

MRS. PIPER: Less than forty per cent is turned in, we are told by the companies.

COMMISSIONER DRUMMOND: What does that indicate, in your opinion, regarding the attitude towards these things, of consumers?

MRS. PIPER: We feel there are a great number of these stamps taken by people and they do not want to be bothered with them and they lose them in their purse and throw them in their waste paper baskets; they are simply not interested in making use of these stamps which, if they only knew it, are money. Now, they do not use them because they are not interested and those numbers of stamps which are not used because they are not turned in and because the premium company does not have to produce a premium for them, they are gravy for the premium company.

COMMISSIONER DRUMMOND: If the other sixty per cent that are not turned in were turned in?

MRS. PIPER: Because the premium company have their money for those stamps and they are paid



for by the retail merchant who is forced into the use of them because his competitors do. We would draw your attention to the example in Ottawa a couple of years ago when the trading stamps moved in to the food marketing field and it became such a burden on everybody -- all the prices went up a bit and we understand they have seen the light and certainly the practice is dying out there. We understand also from the study of the Criminal Code that the offence committed is in using the trading stamps as legal tender, as money.

COMMISSIONER DRUMMOND: Is this fact that only forty per cent of them are turned in your main evidence or reason for suggesting that the people are simply not interested in them?

MRS. PIPER: Oh, Mr. Drummond, that is just the question I was looking for because I have an account here of what the CAC feels and has done about trading stamps and premiums. If you do not mind my taking a minute I will read it. This is dated February 5, 1958, and this letter was sent to all food processors in the cereal field in Canada:

' Dear Sirs:

"Delegates to the annual meeting of
"the Canadian Association of Consumers from
"all across Canada unanimously supported
"the following resolution requesting the



"Canadian Association of Consumers to take
"action to get manufacturers of packaged
"cereals, soap, soap powders, to discontinue
"the practice of issuing premiums, coupons,
"etc.

"Whereas complaints from consumers re-
"garding sales promotion methods of the manu-
"facturers of soaps, detergents, and cereals
"have been numerous and continuous for many
"years;

"Be it resolved that the Canadian
"Association of Consumers (while recognizing
"the value of advertising in promoting
"mass production) inform the manufacturers
"(1) that consumers deeply resent the costs
"of this advertising as reflected in govern-
"ment paper 'Advertising Expenses 1954 -
"reference paper 67, Industry and Merchan-
"dising Division, Bureau of Statistics';
"(2) that such advertising does not create
"permanent goodwill for a particular product;
"(3) that over-advertising, which tends to
"make advertising almost as important as
"manufacturing, is a perversion of sound
"economics.

"During the ten years since the
"Canadian Association of Consumers was or-
"ganized, the subject of the above resolution



"has been the basis of the most frequent and
"recurring complaints and protests presented
"for consideration. Individual members,
"rural groups, local and provincial CAC
"branches as well as National Women's organi-
"zations, sixteen of which participate in our
"work, have all urged again and again that we
"should take some action to limit these
"wasteful forms of sales promotion."

I think that is the meat of what I have
to say but there is more to the letter.

COMMISSIONER DRUMMOND: I notice also
in speaking of trading stamps that you say on page
3:

". . . it is our conviction that trading
"stamps increase the cost of distribution
"and widen the gap between the producer and
"consumer to no good purpose."

We have sort of come to understand that there should
be a very good purpose served in the trading stamps
which may make it possible for your distributors to
greatly increase their volume, thereby lowering the
costs of operation. What do you think about that?

MRS. PIPER: Well, in the limited in-
vestigation that I have done in this matter -- mind
you, I will refer you to our national association
whose brief will be presented in Ottawa and you
will doubtless hear more of it there -- but in our



particular investigation in this area we have found that the small merchant -- now, mind you, they make a big point about the trading stamps as being important to the small merchant and helping him to compete -- and I went out and interviewed quite a few small merchants to see what they think of it. None of these men want to carry them; they claim to buy their stamps they have to pay quite a chunk out of their profits and they may find the first few months that they carry the stamps they increase the volume of sales, but they have never been able to increase them to the extent that they can buy stamps indefinitely without raising their prices to cover it.

COMMISSIONER DRUMMOND: You are speaking in this suggestion of some reasonable ratio to be established between total sales and promotional expenses -- at the top of page 3 that is. You have no suggestion, I suppose, as to the actual ratio that might be considered?

MRS. PIPER: This principle which limits for taxation purposes the amount that corporations may donate to charity -- I do not think it is for us to set the figure as to what might be a reasonable limit because we are not experts in taxation fields nor are we experts in doing business -- but the figure that comes to us is something around 5 per cent.



COMMISSIONER DRUMMOND: Do you think your members are glad to have the privilege of buying non-foods in food stores?

MRS. PIPER: I do not know. I feel my colleagues behind me might be better able to answer you than I. For the purposes of this brief, Dr. Drummond, we did not do a survey; we have not got anything very up-to-date. I might point out to you that we are well equipped to do a survey. We have had branches in this province who have done very adequate and most revealing work in the survey line. Our Asbestos Branch did survey their members on premiums and they came up with some very interesting figures.

Now, this is getting aside, but it also comes into my brief, if you will forgive me speaking of it for a moment: in Asbestos there is a soap product on the market and this comes in and certainly ties up with what Mr. Genser said this morning, this matter of consumer demand and how retailers persuaded themselves that there is a consumer demand. They put china in their Tide and they claimed that there was a consumer demand and they simply had to do it to compete because they had done a survey in the Asbestos-Sherbrooke area and that was their authority for doing it. Well, as soon as Tide put china in their boxes we had a torrent of complaints about it so the Asbestos people when they



heard of this survey that had been done down there went out and did their own survey and they found that was not the fact at all, that people did not want the china in their Tide, but the reason it appeared they did was because Tide changed boxes, took the boxes off the market that did not have the china and people who were convinced Tide was the best product had to take it with the china whether they liked it or not and they come along to us and say there is consumer demand.



Now, due to our representations, this company is now preparing and putting on the market their box without the china, which I might point out -- now, this applies in cereals as well as soaps, so we can apply it to your terms of reference.

The cost of the soap in the box went up 30 per cent, when they put china in it -- unless you wanted to buy china instead of soap.

COMMISSIONER DRUMMOND: The figure you quoted here in respect to the amount of advertising spent to sell more breakfast foods seems very, very high. Do you feel that your members can be induced to buy a lot more breakfast foods by means of elaborating advertising?

MRS. PIPER: Certainly not, sir.

COMMISSIONER DRUMMOND: Why then should the parties concerned be willing to spend so much?

MRS. PIPER: Well, we think there is no other reason but that it is a merry-go-round that these particular manufacturers, processors, have got into. It seems to get away way back; it seems to me that the cereal people were one of the first ever to use premiums, and they just tell us that no one company can stop doing it -- at least they say that.

COMMISSIONER WALTON: Does that bring you to your first conclusion on page 7 of the

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Association brief, that legislation be recommended by this Commission to control promotional expenditures, which seems on the face of it in variance with what you say, and yet one of your main recommendations is that there be imposed legislation to protect the consumer?

MRS. CALVERT: Couldn't it be suggested that cereal companies be asked to put the product on the shelves with premiums and without premiums as the soap companies have been doing?

COMMISSIONER WALTON: Have you done that with cereals?

MRS. CALVERT: We have done it in connection with soap powders, but we have not done it in connection with cereals.

COMMISSIONER WALTON: It is the choice you are decrying rather than the arbitrary take it with the china or don't take it?

MRS. CALVERT: Perhaps they could do the same thing with cereals and get the consumer reaction.

COMMISSIONER WALTON: You would feel that this contributes to the price spread by putting the gimmicks in?

MRS. CALVERT: We think so.

MRS. PIPER: . Mind you, we think that our economy is not a free economy; we are subject to controls; our marketing boards have control over



prices to the producer, and a certain degree of control over the retail price. Now, if producers can be controlled and retailers can be controlled in one way to benefit the producer segment of our economy, why cannot controls be imposed to benefit the consumer segment?

COMMISSIONER WALTON: Therefore you are suggesting controls on the consumer, too, to be fair?

MRS. PIPER: Well, we certainly suffered them during the war, and we were very cooperative. I can assure the Commission that if we felt controls were reasonable and it was made clear to the consumer how he was going to benefit, I think it could be put across.

COMMISSIONER DRUMMOND: Do you think your members would agree, if the Quebec dairy industry should decide that there would be only every other day delivery for milk, that there should only be certain sizes of containers, and various other regulations similar to that? If they made hard and fast rules aimed at the economy of the industry, do you think your members would care to be controlled in that fashion?

MRS. PIPER: Well, we are controlled now; we only have our milk in quarts and pints, and that control is there. We are not happy with it. But there are other types of controls with which we could be happy.



COMMISSIONER DRUMMOND: Some of the other types of controls are free to act in different ways. You want to be free to buy with different containers, free to buy at a lower price?

MRS. CALVERT: Yes, we do.

COMMISSIONER DRUMMOND: They are controls.

MRS. PIPER: They are controls, but we don't object to the controls where it involves a commodity such as milk, which is a real necessity. When we look at milk we realize that milk is, in the food field, one of the real necessities, and to protect our dairy industry we do recognize that it would not be in our best interests to let our dairy industry get into the situation of chaos in which it operated in the 1930's. It appears that a certain measure of control must be exercised, but we would like some of that control to be exercised in the interests of the consumer.

COMMISSIONER WALTON: Doesn't that tie in with your fourth recommendation, that your awareness -- that you are willing to put up with a certain amount of control for a utility such as milk -- you are willing to put up with that because you are informed sufficiently to be aware of dangerous alternatives? That would seem to tie in with adequate information for the consumer. Do you feel -- I know your Association is doing a job -- do you feel, shall I say, hamstrung because you



don't know how to interpret or where to go? Do you feel that there is adequate information to make an informed buying public which might result in a more stable economy, intelligent buying? Is that what is implied in your fourth recommendation, and if we had intelligent buying it might narrow this price spread?

MRS. PIPER: I think if we had more intelligent buying we would probably have a more tempered and sympathetic attitude on the part of the consumer.

COMMISSIONER WALTON: In other words, you don't know what we are frightened of?

MRS. PIPER: I think that is a point well made.

COMMISSIONER DRUMMOND: You ask here for a special type of information which does not now exist. What type of information do you think should be included there? Would you think that, for example, it should explain precisely why the spread between producer price and the price you have to pay is as it is at every step?

MRS. PIPER: Yes, I think there are many times they could make information more available. For instance, the marketing of apples here in the province -- that is a pretty easy thing to check and get across, the price of the apple at the producer level is easy to get. There are few middlemen, and you can readily ascertain the mark-up



in apples. Consumers are really unhappy about what they have to pay for apples in the store.

And this is the other thing about packaging, that Mr. Genser this morning spoke about the consumer demand for packaging. Well, I don't think consumers want to pay 5 pounds for 49 cents, for instance, which was quoted to me in the last week, when the bushel of apples can be bought from the producer for a dollar and a dollar and a quarter, a dollar and a half. Now, I find in my store, and I was delighted to find, that I could buy a bushel of apples this week at \$1.59, and my supplier told me he had bought those apples at \$1.25. He did sell them packaged at \$1.59.

This is another item about holding apples month by month. It must go up because the storage of apples costs money, and if we are going to have apples all the year round, which is a wonderful state of affairs for the consumer, we have got to get those apples in the proper condition so that we can buy them in July.

Now, it was indicated to me that I could perhaps suggest questions that the Commission might investigate further. There is something that bothers me and I had it quoted by the manager of one of the stores in one of the smaller retail chains, and he reported to me that they take a higher mark-up on locally produced produce when it is in season than they do on imported produce at



other times of the year. I went to him and I said, "Now, why can't I get strawberries cheaper, why can't I get the Canadian strawberries cheaply?" So he was cooperative and interested, and he told me that they take this mark-up because there appears to be a ceiling price at which the consumer will buy an imported product. Therefore he did sell it at less mark-up, and that he evens out by selling our local produce at a higher mark-up.

Now, that is only from one retail chain, and it was something which made me think, and I hope that this Commission when it is hearing from other retailers will perhaps raise that question.

I have just one other point. I might say that my brief was prepared rather early in the summer and I have been reading briefs ever since with a great deal of interest, and my mind has been percolating over these questions. I haven't heard any reference -- perhaps I haven't been around at the right moment -- to this whole question of moneys received by retailers from producers, wholesalers and processors, food brokers, etc., to advertise and promote the sales of their products.

COMMISSIONER DRUMMOND: Various allowances, you mean?

MRS. PIPER: Yes, in large amounts.



I find that large amounts are paid to the retailers for giving space in their stores and for giving a week's promotion to one product, giving lines in papers, their ads are paid for by the line by the food processor.

Now, I would like to know just how those moneys come in to the operation of the

COMMISSIONER WALTON: You think that has a bearing on this price spread?

MRS. PIPER: I think so -- perhaps an unnecessary bearing. I don't see why a food processor should have to go in and pay \$500 to have his product promoted for one week in front of the store instead of its usual place where you go and get it if you are a customer.

THE CHAIRMAN: That is one of the questions which will be dealt with in our report.

Well, thank you very much indeed, Mrs. Piper, Mrs. Thomson and Mrs. Calvert for your assistance this afternoon. We have received a number of briefs from the branches of the CAC, and we will hear the national presentation at Ottawa, and this total representation with the consumer's views I know is going to be very helpful to us.

MRS. PIPER: Mr. Chairman, we have enjoyed being here, and we thank you for the sympathetic hearing you have given us.

THE CHAIRMAN: We will have a break of five minutes.
---Short recess.



Submission of

THE MONTREAL COUNCIL OF WOMEN
ECONOMICS COMMITTEE

Appearances:

Mrs. W. Victor George	Chairman, Economics Committee
Mrs. V. W. B. Wilson	Vice-President
Mrs. E. H. S. Piper	Member of Committee
Mrs. H. R. L. Streight	Member of Committee

THE CHAIRMAN: We will come to order and this brief will be submitted by the Montreal Council of Women. I believe Mrs. Dorothy George, Chairman of the Economics Committee, will present the brief. You have with you who, Mrs. George?

MRS. GEORGE: On my right is Mrs. V. W. B. Wilson, who is Vice-President of the Montreal Council of Women, and who is also over the economic and social planning section of the Council; so, she is my boss. She is representing the President of the Council who would very much like to have been here, but there is a meeting of the Council this afternoon. Next is Mrs. E. H. S. Piper, who is a member of the Economics Committee, and, as you have heard, President of the Quebec English Branch of the Canadian Association of Consumers. On my extreme right is Mrs. H. R. L. Streight, who is a member of the Economics Committee.



Even as Mrs. Piper gave the qualifications of her committee, if you will permit me I will tell you that Mrs. Wilson is a graduate of the University of Toronto, a B.A. in Home Economics. Mrs. Piper, herself, is a graduate of the University of Toronto, Bachelor of Arts. Mrs. Streight has a Bachelor of Science in Economics from the University of London, England. I happen to be Home Economics myself -- Bachelor of Science. This is only to tell you why our interests are those that they are, and we perhaps have a very small qualification for presenting a brief.

The Montreal Council of Women, affiliated with the National Council of Women is a federation of one hundred and thirteen women's societies plus individual patrons, honorary life members, life members, sustaining members and associate members. Its purpose as stated in the preamble to the Constitution is "Believing that the association of women's societies in a general organization will lead to mutual sympathy and support, and to united action in matters of general interest, certain societies of women have formed the Montreal Council of Women." A women's society may become a member of Council only if its statement of aims and objects has been approved by the Executive Committee of the Montreal Council.

This brief was prepared by the Economic Committee of the Montreal Council of Women, by



authority of their terms of reference, i.e.

- a) To study and appraise our economic policies including taxation as related to national and international trade, and,
- b) To study our natural resources and industries with a view to maximum production and prevention of waste of materials and human resources, and,
- c) To work for full recognition of the economic and social contribution of the homemaker, and
- d) To recommend appropriate action on the above.

In this brief it will not be our aim to suggest solutions to this very involved problem of Price Spreads in Foods, but, representing a cross-section of intelligent homemakers in the province's (indeed the country's) largest city, to raise issues that seem to us to be contributing factors in this spread. Since the membership in our 113 federated societies reflects the rural point of view as well as the urban, and that of labour as well as management we sought a common approach and -- reduced to the lowest common denominator -- we are all consumers.

This brief, then, while admitting that the producer of food may well not be getting his full share of the consumer dollar, is based on the premise that the consumer dollar does not pay for the amount of produce it should, and it may be due to price spreads between Producer and Consumer.



The following figures from the Price Section of the Dominion Bureau of Statistics prove that the dollar has shrunk:

Based on \$1.00 being equal to \$1.00 in 1949

It became	.97 in 1950
" "	.99 in 1951
" "	.86 in 1952
" "	.85 in 1956
" "	.82 in 1957
" "	.80 in 1958 (July)

and by August 1958 it had shrunk nearly another cent.

Both producer and consumer are concerned lest that shrinkage continues, dangerously, to their further detriment, and their hope is that this Commission's findings will result in remedies that will arrest this serious situation. We realize that our presentation will be but a repetition of questions raised in other briefs but we feel that this very repetition will serve to emphasize their importance.

Some of the factors contributing to Price Spread in foods which we think should be carefully scrutinized are:

A. Federal Taxes and Food Tariffs.

1. Corporation Taxes.

We take into consideration that our government depends upon us for its income, directly



and indirectly and if we demand expenditure, we must supply the wherewithal. We realize, too, that all federal taxes levied on handlers of food, from producer to consumer, must be passed along until they finally arrive at a dead end -- the consumer. One brief, we note, suggested that since co-operatives are given some tax concessions, perhaps more co-operatives were the answer. In many ways, both producer and consumer would benefit, but if this theory was carried to the extreme, to whom would our government look for revenue?

2. Sales Taxes.

In addition to corporation taxes, the sales tax on machinery and equipment form a sizeable percentage of the cost of the article, used by farmers, food producers, processors and manufacturers. These taxes are passed along from one to another, as well as the corporation tax, to be paid finally by none other than the consumer. We are not complaining, mind you, for we know the government needs the money, but we are wondering whether our servants in government are spending our money to the very best advantage in every case, or, are there wasteful practices that need weeding out? We only complain when we see what looks like irresponsible spending. Since taxes contribute to price spreads, may we ask that a careful appraisal be made as to whether these monies are being used in



some cases to reward the shiftless and the inefficient, through a perversion of social legislation which tends to make it as profitable, in some cases, to refrain from working, as to work?

3. Tariffs on Foods.

In our own province this is a burning question at the moment. Recently at a meeting in Montreal of the International Apple Growers, the Association President stated that "all out retaliation with opposing tariffs clamped on imports from the opposite side of the border brings only a state of stagnation". He was referring to suggestions of considerably increased tariffs by the Canadian Minister of Finance. "Canadians are charging almost double the duty now imposed in the United States on apples," President R. R. Reter of the International Association, said. He said this would amount almost to an embargo and "The consumer and producer in both countries will suffer the consequences" if the tariff question "degenerates into a war of retaliation". Tariffs on potatoes present a sticky problem also. There is no perfect solution to the tariff problem. Someone is bound to be made a little unhappy, but should we not accept the solution that will create the least harm to the greatest number of people, taking the long view?

B. Government Price Supports and



Subsidies.

Consumers are not blind to the fact that protective legislation is costly to them. Apart from the cost, they often wonder whether it is really "cricket" for one business (Agriculture) to receive government protection (at the expense of the taxpayer, who is the consumer) when other industries do not receive it. Of course governments nowadays have a twofold special interest in agriculture.

(Page 3311-A follows)



1. The farm vote.

In our own province, for example, where the population is 68 per cent urban, the voting strength is 68 per cent rural. One result of that imbalance is the margarine ban in Quebec, which deprives both urban and rural Quebecers of an economical and nutritious food.

2. A Vested Interest -- The Government in Business. Do agricultural price supports and direct subsidies aid the economy as a whole, when they encourage over-production? We question this when vast surpluses are bought by the government, embarrassed by having to find storage space for its supported produce and storing it frequently to the point of deterioration of the produce. Is all this at further expense to the taxpayer? May not this interference with the natural law of supply and demand, this artificial price levelling by governments in business, have a direct bearing on price spreads in foods? Might not the farmer, in the long run, find it better to run his own business by more efficient operation? Would it be so very disastrous if more of the inefficient farms went out of business and the inefficient farmers were drawn into more productive operations? I quote from an agricultural report given before a body of women in May of this year, "Statistics show that from 1951 to 1957 there was a 7.7 per cent reduction



in occupied farms in Canada and a 5.7 per cent reduction in the number of persons on a farm, with the size of the farms increasing from 270 acres to 300 acres. Production figures, however, show no decrease, fewer people doing more work. Thanks to machinery -- more efficient production."

C. Marketing Boards.

These boards are a grave responsibility and may well work against the ultimate interest of both producer and consumer if not very carefully regulated. Since the original cost of setting up the Board, and the cost of the actions of the Board are financed by public money they are an important factor in price spreads. It is the consumer who foots the tax bill, remember, and -- who is a consumer? Everyone is a consumer, even the producer and distributor -- a fact they sometimes forget.

Here in our province we have a more enlightened Agricultural Marketing Board than some provinces. Ours at last has recognized the fact that the consumer should have a voice in the deliberations of the Board and have, this year, accredited the Quebec Provincial Branch of the Canadian Association of Consumers (a Federated Society of the Montreal Council of Women) as the representative of the consumer on the Board. A Marketing Board must serve the interests of both producer and consumer to truly fulfill its function and justify its "take" of the consumer dollar.



D. Labour Cost.

The federal Bureau of Statistics tells us that wages rose from 157.9 in June last year to 164.7 in June this year and that the second figure had been 163.8 a month earlier. We are in complete sympathy with the premise that every man and woman should be paid a fair living wage, enabling them to maintain a good standard of living (if income is managed thriftily) and one which allows to provide for unproductive years. Furthermore, we agree that a worker should be rewarded for an honest year's work resulting in increased production, by regular increases in wages. Our belief in this premise raises some questions in regard to the part wage rises may play in the price spread of food.

1. Are some union leaders working against the interest of the worker:

a) Limiting production arbitrarily, yet making constant demands for higher wages without increased production? While this practice may serve to raise the prestige of the top brass of the unions and bring them fame through publicity, does it not also serve to raise the cost of living and make the purchasing power of the consumer dollar shrink?

b) Using the strike weapon in an irresponsible manner and often against the wishes of the really conscientious workman? Has the worker, in fact, become a tool of the unscrupulous



and over ambitious union leader? Unions were created to fulfill a worthy purpose, but -- in the 20th century setup of social benefits, has the worker sold his birthright for a "mess of pottage?"

2. Does the average worker fully understand the part he is playing in widening the price spread between primary producer and the consumer? Should he be fed more information of an economic nature in an attractive form which will show him his dependence upon industry as well as industry's dependence upon him, and their responsibilities to one another? Should he not be made to realize that a safe margin of profit in industry is a form of unemployment insurance?

3. Is it safe for a country with our small population to allow the worker's increase in wages to be based on the rise in the cost of living, rather than on increased production? Is the time not ripe for reassessing our labour regulations to meet 20th century conditions? Would it not be a real service to the worker as a consumer, to arrest this ever-spiralling "cost of living wage rise" demand? Every man who is a man feels a sense of pride in a good job done well and when he exerts extra effort (and is allowed to exert it) he appreciates recognition in the form of praise and monetary reward. Isn't it time we allowed the worker to prove he is mature?



Since "high cost of materials, transportation, overhead" are the cry across the board from producer to consumer and the blame for them more often than not put on high wages (which are probably not too high in dollars but in relation to production), we feel this to be a most important phase of our economy for scrutiny by this Royal Commission.

E. Management's Responsibility in Price Spread.

This applies to food processors, distributors, manufacturers in any way linked with the production and selling of food, as well as retailers.

1. Should he not reduce inefficiency in operational methods to the minimum? Many companies, during the recent small recession, examined their business more critically than they had for some time and discovered "dead wood" and wasteful operations which were increasing overhead needlessly and, therefore, adding to production cost. If there could be some effective streamlining done is it not possible that spreads along the line from producer to consumer might be slightly reduced, without touching profits?

Consumers in Quebec are especially concerned that economies be effected in the dairy industry. General difficulties in the way of economies are not easily overcome without considerable change being made in the whole setup of



the industry. At present the very strong representation on the Dairy Commission of the small dairies who are inclined to oppose any changes that entail capital expenditure, makes it very difficult for the large dairies to effect changes that might benefit the consumer. The fact that there is a minimum price set at which milk can be sold to the consumer discourages competition and is thus depriving the consumer of the advantages of shopping around. In this province the Dairy Commission allows only half pint, pint, quart and gallon containers, but as there is no washing apparatus for gallon containers, no gallons can be purchased! Two or three quart containers, surveys show, would be most popular with the consumer and if Quebec figures compared with Ontario, the consumer would save five cents a quart if he purchased a three-quart container at the store. In this province there is no price differential between store purchased and home delivered milk, nor is there any saving when buying milk in cardboard containers. It would seem to consumers that if a real effort was made to study more economical methods and a willingness shown to advance with the times, even though initial cost was involved, there could be some remedy for the spread in dairy prices.

2. Advertising Costs.

We are in favour of honest, legitimate,



informative advertising and like it to be attractive, as we believe it helps keep up the quality of a product, but there are a few questions that arise when we consider certain aspects in relation to price spreads.

- a) Why should advertising expenditure in the case of breakfast foods be 11.7 per cent as against 1.07 per cent in the case of other products? There would seem to be a distorted sense of proportion and one would question the figures except that they came from the Dominion Bureau of Statistics.
- b) Trading Stamps.

The consumer's objection to this means of advertising is "based on the principle that the consumer pays the end price of a product and is, therefore, entitled to value for his expenditure at every stage of production from primary production through processing and distribution to the retail outlet. Trading stamps add no real value to the goods or services sold by the stores issuing them. These stamps only increase the cost of distribution and widen the gap between producer and consumer." (Canadian Association of Consumers' Bulletin No. 66).

Since 1905 Canada has had a law forbidding the issue of trading stamps and, to date, every prosecution under it has been successful. However, the Attorney General of Quebec and those



of other provinces are now refusing further prosecutions because of an inherent weakness in the definitions attached to Section 369 of the Criminal Code, which leaves loopholes and makes enforcement impossible. Would it not be advisable to amend this law in order to make it clearly enforceable and thus do away with one cause of price spreads which is particularly obnoxious to the consumer?

c) Premiums.

We quote from the annual report of the Consumer Research Committee of the Quebec Provincial (English) Branch of the Canadian Association of Consumers: "Numerous complaints have been received during the year regarding the use of enclosed premiums. In addition, two branches, Drummondville and Asbestos - Danville, made surveys among their members. In each case, over 95 per cent of the members expressed their opposition to premiums." These premiums appear in cereals and, as well as being a nuisance and sometimes a health hazard, (if breakables are enclosed), take up valuable space in a package which is bought for the product itself. Could it be that the 11.7 per cent spent in advertising cereals (quoted above) might be lowered if handouts were left out of the package and the price reduced, or more cereals appear in the box for the cost price?

On the Positive Side of the Price Spreads Picture:

There are some factors contributing to



price spreads which seem to us to have both consumer and producer acceptance:

1. An increased number of government regulations on handling, storage, grading, inspection and display of food products.
2. More processing of foods.
3. More attractive packaging.

This may be overdone in some instances, but apparently the buying habits of consumers prove that they reach for the package with eye appeal.

All these accepted factors help the retailer to increase his sales of the producer's products and even though they increase the cost, we think the consumer would not want to revert to the "olden days". However, will he be as happy if competition carries these too far? We believe the answer lies in that very word "competition", the earmark of a free enterprise system. In such a system the consumer really has the last word, and his resistance or acceptance shows his approval or disapproval. In the final analysis the consumer is in the driver's seat -- there would be no need for producers if there were no consumers, as, indeed, there would be no consumers if there were no producers. And, so, it is vital to the consumer that the producer receive his fair share of each dollar spent so that he will be encouraged to produce. But it is also vital to the producer that the consumer have an unshrunk dollar to spend!



Summary

Factors contributing to Price Spreads
which will bear close scrutiny:

I - Government Taxes

(a) Are they being used to reduce or encourage price spread?

II- Price Supports and Subsidies

(a) Are they fair to the consumer? Are they really helpful to agriculture in the long run? Could a better "self help" solution be found?

III- Marketing Boards

(a) Are they, in all cases fulfilling their duties toward the consumer or, even toward the producer, or are they just another expense to the taxpayer, contributing to price spread?

IV- Labour Cost

(a) Isn't it too costly economically to our small population to follow the present custom of wage rises demanded on the basis of the rise in the cost of living? When can the spiral stop if carried on? Would it not be more economically sound to base wage rise on rise in production? Are our labour regulations meeting present-day situations?

V - Should Management not be encouraged to reduce his inefficiency in operation in order to reduce costs of his product without causing his profits to suffer?

(a) Could not some advertising methods be considered as directly contributing (adversely) to the price spread, i.e. trading stamps (really illegal but law unenforceable),

Number of hauls	Percentage of total catch (P. setiferus)	Percentage of total catch (P. setiferus + P. setiferus + P. setiferus)	Percentage of total catch (P. setiferus + P. setiferus + P. setiferus)
1	10	10	10
2	30	30	30
3	50	50	50
4	70	70	70
5	80	80	80
6	80	80	80
7	80	80	80
8	80	80	80
9	80	80	80
10	80	80	80



premiums in cereals (costly advertising, reduces contents and adds to cost.)

Re Information

VI - Is there not value in providing the consumer (every consumer - labourer, retailer, manufacturer) with adequate information on the cause and results of certain economic actions? This information, to reach the greatest number, should be given out on T.V. and radio and by "sugar pill". Lack of intelligent information which sounds reasonable and unbiased causes thoughtless action. The BBC has an excellent, short, factual programme, at intervals, explaining various phases of the country's economy, using animation, which might well be copied here. It is too short to be boring and is as catchy as a cartoon, so is remembered and understood by all viewers. Short, dramatized educational bits on labour relations were well received too.

Statistics alone are dull and often meaningless to the majority -- painless education is the only way to reach the masses -- through the human interest approach.

Things contributing to price spread that may have consumer acceptance:

1. Regulations to improve handling, storage, grading, inspection and display of foods.



2. Increased processing of foods.
3. More sanitary and (to a point) more attractive packaging of foods.

Sgd (Mrs.) Beatrice R. Hayes
President

Sgd (Mrs.) Dorothy George
Chairman, Economics
Committee

September 1958

THE CHAIRMAN: Thank you, Mrs. George.
Mrs. George, I am not sure that you have seen our chart before?

MRS. GEORGE: I was looking at it during the day.

THE CHAIRMAN: Might I just point out what these curves are, and then come back and ask one or two questions related to it in your brief.

The black line on the top is the Dominion Bureau of Statistics Consumers' Cost of Living Food Component Index. The one below, the red one, is the Dominion Bureau of Statistics Index of Prices received by Canadian farmers. We might have added one other curve on this chart -- we could have added a number, but one in particular -- and that would be the total cost of living index. If we had -- and you will have to take my word for it now -- it would have started to turn down also in 1951, but it would not have turned as far as the food index and it would have remained consistently above the food index throughout the period.

The important point here is that other



consumers' prices have risen further and remained, relative to the 1949 period, higher than food prices. I am not sure whether the members of your organization are familiar with the character of the red line, and the tendency for the prices received by the farmer to have decreased in the manner in which they are shown there.

On the basis of this information, would you agree that whatever the reasons for the fall in prices received by the farmers may have been, that this has, in fact, contributed to lower food prices than would otherwise have occurred, and lower prices than the prices of other consumers' goods, and that, therefore, low farm prices have, in fact, kept down the cost of living to the consumer?

MRS. GEORGE: I think they have no doubt kept it down, certainly to that extent, yes.

THE CHAIRMAN: Well, now, in your section dealing with the question of boards, subsidies, support prices and things of this kind, I take it you are aware of the fact that these declining farm prices, along with the fact that the farmers have to pay, for the things that they use, prices which have been rising in relation to retail prices, has meant that their net incomes have shrunk?

MRS. GEORGE: Oh, yes, that is what we stated in our brief, that we realized the farmer was not getting his ---



THE CHAIRMAN: On the other hand, on page 1, when you show the declining value of the dollar, I take it you are also aware that the real incomes of consumers have improved very considerably during this period -- generally speaking?

MRS. GEORGE: Oh, yes, I think all incomes have improved.

THE CHAIRMAN: Have risen.

MRS. GEORGE: All incomes have risen. We are all consumers, and all of our incomes have risen considerably.

THE CHAIRMAN: So that all consumers are better off, generally, in the last period, but it would seem clear from this relationship between prices that the farmers are one group who, income-wise, have, in fact, suffered during this period?

MRS. GEORGE: I think we made that quite clear in our brief, that we agreed with that principle entirely.

THE CHAIRMAN: And you are not, therefore, opposed under these conditions to some measures of government assistance to agriculture which would support prices?

MRS. GEORGE: No, if it will support prices without measurably increasing the cost to the taxpayer, we would be all in favour of it.

THE CHAIRMAN: No supports of this kind can, surely, be provided without measurably affecting either the taxpayer or the consumer through the price



of the product?

MRS. GEORGE: I believe you will agree that our method was to ask questions of you; we look to you for the solutions of these weighty problems. We haven't the solution ourselves. All we intended to do was point out certain principles involved in this price spread which, it is evidently agreed, exists or there would not have been any Royal Commission appointed.

THE CHAIRMAN: No, but the only thing I would like to say in response to that, Mrs. George, is that the selections of the questions you ask is perhaps significant.

MRS. GEORGE: You were asking me in regard to subsidies -- a question in regard to our feeling about subsidies?



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THE CHAIRMAN: My question is whether your Council has any views on the support of farm income under these conditions by means which would never have to be paid out of the public purse or paid for by the consumer?

MRS. GEORGE: No, I do not think we have any solution at all.

MRS. WILSON: Mr. Chairman, I would like to refer you to a speech by Mr. L. W. Pearsall, the Chairman of the Agricultural Stabilization Board, before the annual meeting of the National Dairy Council of Canada on September 30, 1958, where he very clearly points out in the matter of deficiency payments and price supports tremendous surpluses are growing up which he quite frankly admits in the speech has no solution for. We feel that is probably posing another very serious problem.

MRS. GEORGE: I could have quoted from that but I did not think that was the question.

THE CHAIRMAN: The question really is, suppose you support farm prices under these conditions which are described in that chart.

MRS. GEORGE: You mean suppose who supports?

THE CHAIRMAN: All right, the Government supports.

MRS. GEORGE: Yes.

THE CHAIRMAN: Then this means a rise in the price to the consumer. Does your Council object



to that?

MRS. GEORGE: I believe my confrere Mrs. Piper wishes to speak to that.

MRS. PIPER: In our thinking we distinguish between price setting and price supports and subsidies. Now, a subsidy is going to be paid out of government funds which come from taxpayers to make up the amount between the costs of the farmer and the amount he gets for his produce. We feel this could affect the price spread in that if the farmer gets so much and he should sell his produce at a lower price because he is getting a subsidy to help him with his costs, then we feel that the price to the consumer should be kept down. Unless the price is kept down this payment of a subsidy increases the price spread and if the price does not go down we think that with subsidies the price should go down because we have to pay in taxes for the subsidy. Now, a price support programme we feel sets a higher price that the producer gets and then he has to look after his own costs, but that price being set is going to perhaps reduce the price spread but it is also going to exert a pressure from beneath on the retail price to the consumer.

THE CHAIRMAN: Do I take it, then, that any measures which might be taken to offset the decline in farm prices as indicated on that chart



should not in your view be passed on to the consumer?

MRS. PIPER: Well, if it is a price support and something which keeps the price to the farmer high then it will probably mean that the consumer will pay a little more and if it is in the form of a subsidy we do not feel that the price to the consumer will or should go up as much unless somewhere in there there is a certain exploitation and we feel that these factors contribute to surpluses. We also think that where the subsidy is paid the surplus produced will not be as great as if you set -- as if you set a government price. You have a government price support programme and we feel that that probably is going to contribute more to surpluses than certain price supports.

COMMISSIONER DRUMMOND: During the war you may recall in connection with the whole milk price that the Government paid, I think it was the equivalent of 2 cents a quart subsidy to the milk distributors in order to permit them to pay a higher price to the milk producers but the whole idea was to get the extra milk and at the same time keep the retail price of milk from going up. Can I take it from what you said that that is the kind of thing you would like to see? On the other hand, it seems to me that even during that



war period it is true the Government paid that two cents and it was to keep the so-called cost-of-living- index from rising, but the Government had to get the money from somebody in order to pay that and who was that somebody?

MRS. PIPER: I have already stated that it is the taxpayer. Now, we are not saying that they should go into this. We do recognize the fact that there must be something that should reverse this trend of supports between these two figures on the graph here. There are two propositions: there is the price support programme and there are subsidy payments and there may be other solutions after that, and I was merely pointing out that we are making a certain distinction between these two methods in our thinking because certainly in certain fields we do not feel it is right that a terrific surplus should be produced due to any programme of that nature.

THE CHAIRMAN: Just one other point I would like to raise. I mentioned earlier that to some extent the questions that are asked are significant. Now, there are quite a number of questions under Section D dealing with labour costs which suggest to me that you consider increasing wages by whatever means they have been brought about is a factor of concern in relation to advancing prices?

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MRS. GEORGE: I take exception to that, "by whatever means they are brought about".

THE CHAIRMAN: By that I mean without discussing the means, the emphasis in terms of questions asked under the section on labour costs does imply that you feel that the whole problem of wages in relation to price does need to have a good look.

MRS. GEORGE: Yes, in relation to production in this country, with such a small population as we have, and at the same time perhaps the salary should be looked into too. I do not know. I will leave that to you.

THE CHAIRMAN: This is precisely the point I wanted to raise because under Section E, in any relationship to management, you say nothing about the question of profits.

MRS. GEORGE: I think I said something about economics which might have affected without reducing their profits. If their profits, of course, are beyond the level which they should be -- I think the Government pretty well looks after that now. Then, there may be some costs after that but I am not going to get involved in that discussion.

THE CHAIRMAN: All I want, and I think I have it now, is, if you do not mind, you ask us to take a good look at the wages as a



factor in relation to the prices. You would also ask us to look at profits?

MRS. GEORGE: Absolutely; I think the responsibility is a two-way responsibility and it is just that the consumer wishes to know that there is that feeling of responsibility among both parties, both management and labour, in connection with the economy.

COMMISSIONER MacKICHAN: In the first paragraph at the top of page 2 you mention the tariff and go on to say that whatever is done someone is bound to be a little unhappy, and that is probably an under-statement. You say you will accept the solution which will create the least harm and I notice this ends with a question mark rather than a period. In our hearings around the country this Commission has been very anxious to hear solutions by way of answers and if we can get some help that way with answers it would help a lot. What do you think would be the least harm in dealing with this tricky problem?

MRS. GEORGE: I think that is outside my bailiwick completely. I can say this, as far as Quebec is concerned in the problem of competition the chief complaint there seems to be that import tariffs are for three months of the year and export tariffs twelve months of the year, and they would like the import tariffs extended to



twelve months to even it up. I can give you that little bit of information so far as the feeling in connection with that.

On the apple situation, I mentioned apples but I cannot give you any figures on that except there seems to be the complaint which we have received that small low-grade apples were being dumped on the market. You can take that for what it is worth.

COMMISSIONER MacKICHAN: Imported?

MRS. GEORGE: Imported, yes. That is thrown in as an aside. I could not tell you personally because I have not seen them being dumped.

COMMISSIONER MacKICHAN: This problem becomes particularly acute in North American where our dividing line is from east to west and we run through different temperature zones. We found this point raised particularly in British Columbia where the crops were three weeks earlier and I am sure Quebec will have been feeling the same situation in regard to dumping stuff which is sometimes just a salvage operation for the remainder of a crop they have sold in their own market, so you can see that our own farmers might well ask for a tariff for a certain period which is the purpose of this short three months' period.

COMMISSIONER MARTIN: Referring to the summary on page 7, I was just trying to find what



you may have in mind when you say, "Could a better solution be found?" That is under Price Support and Subsidies.

MRS. GEORGE: Could that? Yes, that is what I would like to know -- could that not be found? I will refer again to this address of Mr. Pearsall's and he is finding difficulty himself so if Mr. Pearsall has not found the solution I am afraid I could not give it to you. Mr. Pearsall, of course, is the Chairman of the Agricultural Stabilization Board.

COMMISSIONER WALTON: I have just one question. The emphasis that you have given on two or three pages, including your first one on Section A on Taxes, by the nature of your questions dealing with taxes, sales tax and federal tax and on the different equipments or foods or supplies in the food industries, would imply to me that you feel there is need for information on what proportion taxes are playing in the shrinking dollar. You think taxes are a contributing factor to a shrinking dollar which is adding to our price spread too; is that the implication?

MRS. GEORGE: Yes, I do definitely, and I think it would be very helpful to the consumer if the consumer could know what proportion of the price he spends on a certain article is tax. I think it sometimes gives the consumer the



wrong idea of price rises and he attributes that rise to certain things which are not true, taxes which are tacked onto his price and I think if we could have some breakdown available to the consumer so that he knows how much the article costs and how much is tax it would be helpful.

COMMISSIONER WALTON: It might be a costly process to get all the indirect taxes but you feel it would have a bearing on making the consumer realize that perhaps there is not something for nothing even from a benevolent Government?

MRS. GEORGE: That is right, and if anybody ever tried to dig information out of the Canada Year Book they would see what a difficult thing it is, jumping from here, there and everywhere. If some bureau or source of information which has worked it out in a very careful and methodical manner could supply us as an association or a council of women with the information, so if we ask a question we could quickly get that bit of information, it would be most helpful without having to go through about two thousand pages of a book of some sort. Even if you could dial the telephone, perhaps.



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COMMISSIONER DRUMMOND: Just one or two very brief questions, for clarification mainly. You mentioned at the top of page 3 that "they often wonder whether it is really 'cricket' for one business (agriculture) to receive government protection when other industries do not receive it." Are you positive that other industries do not receive any protection?

MRS. GEORGE: Do they?

COMMISSIONER DRUMMOND: I am asking.

MRS. GEORGE: No, I am not positive, but I was thinking in terms mainly of subsidies there. I know there are small loans for businesses and that sort of thing available.

COMMISSIONER DRUMMOND: The main case that organized agriculture has made for protection has just been this very fact, that all other sections of the economy do receive very pronounced degrees of protection.

MRS. GEORGE: You mean by loans available, or subsidies?

COMMISSIONER DRUMMOND: It could be tariff protection, it could be subsidies, it could be -- oh, various things.

MRS. GEORGE: Yes. The textile industry does receive that type of thing, but doesn't agriculture receive more help than perhaps some of the others?



COMMISSIONER DRUMMOND: I will leave it to you.

In respect to your marketing boards, you referred, I think twice, once at the bottom of page 3 and again in your Summary, to the fact that marketing boards are operated at public expense and the public has to put up the money to organize and operate it. Is that true?

MRS. GEORGE: I am always thinking in terms of the taxpayer, really, in the final analysis, and every taxpayer is a consumer.

COMMISSIONER DRUMMOND: It is quite true that in the case, say, of milk marketing boards, in your case in this province the Commission, they are operated at public expense, but other boards -- you have Judge Heon, Chairman of the Quebec Marketing Board -- it is true that their salaries and administrative expenses are governmentally maintained. That is perhaps what you are referring to?

MRS. GEORGE: Yes.

COMMISSIONER DRUMMOND: Not the actual operation of the specific or local boards under a general board?

MRS. GEORGE: No, only the ones which fall into that category.

COMMISSIONER DRUMMOND: These boards are ---



MRS. GEORGE: It may have sounded like a rather loose statement, but in the brief, which is brief, one cannot perhaps cover every facet of the thing.

COMMISSIONER DRUMMOND: Just one final question. You refer at the bottom of page 6 -- you are talking about this elaborate packaging and you say that you don't think that the average consumer would like to have things quite like they used to be, and then you add that you don't think they would like to have competition carried too far?

MRS. GEORGE: Competition?

COMMISSIONER DRUMMOND: What do you mean by "too far"?

MRS. GEORGE: Where did I say I did not want competition carried too far?

COMMISSIONER DRUMMOND: At the bottom of page 6; you are speaking about the more attractive packaging.

MRS. GEORGE: That was -- I don't think I said competition at all. Oh, competition carries packaging too far, yes, but not competition. It was packaging.

COMMISSIONER DRUMMOND: My question simply is, how far is "too far"?

MRS. GEORGE: Well, that is the question -- how far is "too far"? It will be the



consumer who will probably answer that question.

COMMISSIONER DRUMMOND: But you are the consumer. That is what I wanted to know.

MRS. GEORGE: At the moment evidently it is not carried too far because we are buying it.

MRS. WILSON: I am concerned about the cost of packaging, and we hope if there is a cost bureau of information set up the actual cost of packaging will be carefully shown on it. I did read in the press that \$22 million was being spent in the United States on one packaging research enterprise. Now, that is in the United States, not in Canada, but it did give the consumer something to think about, exactly how much is spent in packaging research, and we would like to see a breakdown on that.

MRS. GEORGE: If we don't know, we can't say how far. Certainly we realize the retailer has to resort to every dodge to sell us these products, and each one wants to out-do the other one. He is competing for our buying, isn't he, and we can't blame him for trying; but if we had this information at our fingertips we could say, "You are going too far; we don't want this, we don't want that, because it is costing this."

COMMISSIONER DRUMMOND: Would not be the simpler way to refrain from buying?

MRS. GEORGE: You have got to eat it,



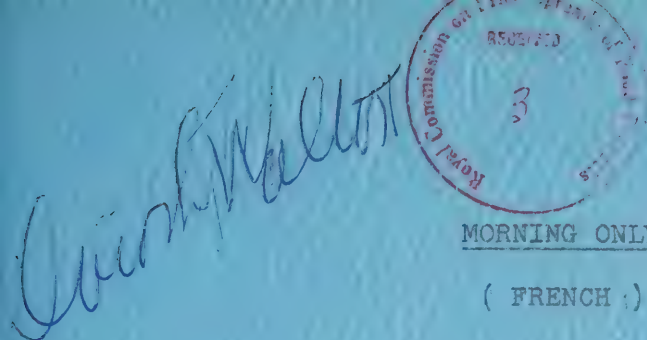
so we buy it, you see.

THE CHAIRMAN: Thank you very much indeed, Mrs. George and ladies, for your presentation.

MRS. GEORGE: We add our thanks to the thanks of others who presented briefs for the privilege of presenting ours to you.

THE CHAIRMAN: We will adjourn now until ten o'clock tomorrow morning.

---Whereupon the hearing adjourned until 10.00 a.m.,
Thursday, October 16, 1958.



MORNING ONLY

(FRENCH)

ROYAL COMMISSION

ON

PRICE SPREADS OF FOOD PRODUCTS

HEARINGS

HELD AT

MONTREAL

P. Q.

VOLUME No.:

1 21A

DATE:

OCT 16 1958

OFFICIAL REPORTERS

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---Advenant 10.00 a.m.

MEMOIRE DE
L'ASSOCIATION DES DETAILLANTS EN
ALIMENTATION DU QUEBEC

COMPARUTIONS:

M. C.A. Majeau - Gérant général
M. Marcel Cadrin - Gérant général adjoint
M. Philippe Hurteau - Directeur des Relations
Extérieures

THE CHAIRMAN: The meeting will come to order, please.

The first brief is on behalf of l'Association des Détaillants en Alimentation du Québec. You will see why I shall now proceed in English.

Mr. Majeau, we are glad to have you here, and also Mr. Cadrin with you, and you have someone else.

MR. CADRIN: Mr. Philippe Hurteau.

THE CHAIRMAN: We would appreciate if you would read your brief to us in French, and following that there may be some questions directed to you in French, but if you wish to reply in English, it might help some of us.

Would you care to proceed, Mr. Majeau?

M. C.A. MAJEAU: Messieurs les commissaires, l'Association des Détaillants en Alimentation du



Québec, ci-après appelée "L'A.D.A.", se réjouit de l'occasion qui lui est fournie d'exprimer ses vues devant une commission établie dans le but de protéger les intérêts du consommateur en ce qui a trait à la structure des prix de gros et de détail du commerce des vivres.

L'A.D.A. est d'autant plus heureuse de l'invitation qu'elle a reçue de comparaître devant la Commission Royale d'Enquête sur l'Écart des Prix des Produits alimentaires que le souci de sauvegarder les intérêts du consommateur inspire sa ligne de conduite et celle qu'elle exhorte tous ses membres à suivre, comme l'atteste son code d'éthique professionnelles que voici:

1. Propreté et hygiène tu maintiendras en tout temps dans ton établissement.
2. Courtoisie et empressement tu montreras à l'endroit de tes clients.
3. Quantité et qualité commandées tu livreras toujours scrupuleusement.
4. Prix raisonnables à tes clients tu demanderas pour tes aliments.
5. De fausses représentations point ne feras même au détriment de tes concurrents.
6. Toutes les lois régissant ton commerce tu respecteras en citoyen bien pensant.
7. Au respect de la morale et au maintien de l'ordre tu contribueras spontanément.
8. De l'intérêt de tes clients tu tiendras compte en tout temps.
9. Avec les autorités religieuses et civiles tu coopèreras toujours efficacement.
10. Tous les moyens tu emploieras pour qu'on te juge honnête et compétent.



La fondation de l'A.D.A. comme association autonome, strictement professionnelle et patronale, remonte au 24 septembre 1955 lors de sa constitution aux termes de la Loi des syndicats professionnels de la province de Québec, à la demande d'un groupe d'épiciers représentant dix-huit districts de la province.

La nouvelle association, à son point de départ, englobait tous les membres de la Section des Vivres de l'Association des Marchands Détaillants du Canada, Qué., Inc. La section des vivres de l'A.M.D. existait depuis une quinzaine d'années.

Tout en étant autonome, l'A.D.A. qui a son siège social à Montréal, est affiliée à la Férédation du Détail et des Services du Québec Inc., née elle-même, sur le plan provincial, de la réorganisation de l'A.M.D., et à l'Association des Marchands Détaillants du Canada.

L'A.D.A. groupe plus de 3,000 membres formant l'élite des quelque 10,600 épiciers indépendants qu'on compte à travers la province de Québec. Désireuse de décentraliser son oeuvre et de l'étendre à toute la province, elle a établi les dix comités régionaux suivants: Haut St-Laurent (comprenant les comtés de Bagot, Beauharnois, Chambly, Châteauguay, Huntingdon, Iberville, Missisquoi, Napierville-Laprairie, Richelieu, Rouville, St-Hyacinthe, St-Jean, Verchères, Yamaska); Bas St-Laurent Nord (Comtés de Charlevoix, Chicoutimi, Jonquière-Kénogami, Lac St-Jean, Montmorency,



Roberval, Saguenay); Bas St-Laurent Sud (comtés de Beauce, Bellechasse, Bonaventure, Dorchester, Frontenac, Gaspé-Nord, Gaspé-Sud, Kamouraska, L'Islet, Matane, Matapédia, Montmagny, Rimouski, Rivière-du-Loup, Témiscouata); Nord-Ouest (comtés Abitibi-est et ouest, Argenteuil, Berthier, Deux-Montagnes, Gatineau, Joliette, Labelle, l'Assomption, Montcalm, Papineau, Témiscamingue, Pontiac, Rouyn-Noranda, Terrebonne); Cantons de l'Est (comtés de Brome, Compton, Richmond, Shefford, Sherbrooke, Stanstead); Bois-Francs (Comtés d'Arthabaska, Drummond, Lotbinière, Mégantic, Nicolet, Wolfe); Maurici (Comtés de Champlain, Lavolette, Maskinongé, Portneuf, St-Maurice); enfin Montréal et Québec.

C'est donc dire que l'A.D.A. est vraiment représentative du commerce de l'épicerie à l'échelle provinciale, et ce au double point de vue numérique et géographique.

L'A.D.A. a deux catégories de membres: les membres actifs, recrutés parmi les détaillants en alimentation du Québec, et les membres associés, appartenant aux divers groupes de fournisseurs: manufacturiers, courtiers et grossistes. Ces derniers jouissent des mêmes privilèges que les premiers, à l'exclusion du droit de vote.

La participation des fournisseurs à la vie de l'A.D.A. favorise de bonnes relations entre le commerce de gros et le commerce de détail dans le secteur de l'alimentation; de plus, elle facilite l'étude en commun de problèmes concernant



fréquemment le consommateur et leur solution dans l'intérêt commun de tous les intéressés.

Tout en ayant pour but fondamental la protection et l'avancement des intérêts professionnels de ses membres, l'A.D.A. ne manque jamais l'occasion de sauvegarder les intérêts du consommateur, comme le démontrent ses nombreuses déclarations publiques sur les heures d'affaires, les timbres de commerce, coupons et primes, l'octroi des permis de vente de bière, le prix du boeuf, et autres problèmes qui se posent depuis quelques années.

De plus, l'A.D.A. s'emploie à procurer à ses membres les moyens nécessaires à leur perfectionnement professionnel. Plusieurs d'entre eux n'ont pas été formés à la pratique des affaires et nombre d'autres n'ont bénéficié que d'une instruction commerciale élémentaire devenue insuffisante par suite de l'évolution des conditions économiques. En agissant ainsi, l'A.D.A. vise à accroître l'efficacité du détaillant en alimentation de sorte qu'il puisse servir le public de mieux en mieux.

C'est ainsi que l'A.D.A. met à la disposition de ses membres des techniciens en organisation du travail dans le commerce de l'épicerie, des viandes et des fruits et légumes. Ceux-ci visitent les membres, font une étude sur place de leurs établissements et formulent des recommandations en vue de l'amélioration des locaux et des méthodes d'affaires. Il s'ensuit souvent un accroissement de la clientèle et du volume des ventes, de même



que des économies dont l'épicier indépendant fait profiter le consommateur.

Moyennant des honoraires et frais relativement peu élevés puisque le coût se trouve partagé entre plusieurs employeurs, les membres de l'A.D.A. peuvent recourir aux services d'un spécialiste en relations ouvrières pour la conclusion d'ententes collectives dont les répercussions soient les moins onéreuses possibles pour l'épicier indépendant et le consommateur.

Depuis plusieurs années, l'A.D.A. donne à des centaines d'épiciers, au moyen de son école mobile, des cours sur les sujets suivants: épicerie, coupe de la viande, préparation et étalage des fruits et légumes, présentation des aliments autres que les fruits et légumes, et publicité. De même, elle a collaboré avec les ministères provinciaux de la pêche et du commerce à la fondation d'une école pour la formation d'experts dans la préparation, l'étalage, la vente et la conservation du poisson.

Tout ce travail d'éducation, à la fois théorique et pratique, vise à inculquer à l'épicier-boucher des méthodes qui lui permettent de fournir au consommateur le produit de la plus haute qualité possible au plus bas prix compatible avec son obligation de rémunérer équitablement son personnel et de faire face à ses frais d'exploitation, et avec son droit à un profit raisonnable qui soit une juste compensation pour l'effort déployé par le chef d'entreprise et le risque couru par sa mise



de fonds.

L'A.D.A. possède également un organe officiel, sa revue mensuelle intitulée "Les Vivres", qu'elle envoie régulièrement à ses membres. Elle maintient, en outre, un service quotidien d'information sur les prix.

Par la voie des journaux et de la radio, l'A.D.A. renseigne le public sur les grands problèmes qui le concernent dans le domaine de l'alimentation. Elle fait connaître ses idées et justifie ses attitudes afin d'engendrer une meilleure compréhension du rôle de l'épicier indépendant et des situations dans lesquelles il se trouve.

Chaque année, l'A.D.A. tient un grand congrès annuel et organise des manifestations sur le plan régional. Elle est représentée par deux de ses membres au conseil de ville de Montréal.

2. LE COMMERCE DES VIVRES DANS LE QUEBEC

Le commerce des vivres au détail dans la province de Québec se partage entre trois types d'établissements commerciaux: les magasins indépendants, dont la majorité appartiennent à un ou plusieurs particuliers; les compagnies par actions exploitant des marchés géants ou magasins multiples communément appelés "chaînes de magasins", et les coopératives de consommation alimentaire, qui ne sont pas très nombreuses.

En dépit de l'énergique concurrence des chaînes de magasins, qui disposent de capitaux illimités et d'une organisation technique très poussée



en ce qui a trait à la mise sur le marché et à la formation du personnel, les détaillants indépendants occupent toujours une place prépondérante comme distributeurs de vivres dans le Québec, et les meilleurs d'entre eux, qui sont membres de l'A.D.A., parviennent à concurrencer efficacement les chaînes de magasins. Les services qu'ils reçoivent de leur association les y aident dans une mesure appréciable.

En 1957, les ventes des détaillants en alimentation indépendants se sont élevées à près de \$550,000,000 dans la province de Québec, soit plus de 68% des ventes totales de vivres.

Pour bien se rendre compte de l'importance économique de l'épicier indépendant, il y a lieu de considérer qu'environ 10,600 magasins indépendants répartis dans tout le Québec procurent des moyens de subsistance à plus de 30,000 personnes. On estime à \$45,000,000 le total des salaires payés annuellement par les détaillants en alimentation indépendants.

De 1930 à 1951, dans la province de Québec, il s'est produit un fort mouvement de concentration dans les chaînes de magasins d'aliments, le nombre des entreprises étant passé de 12 à 7 et celui des magasins qu'elles exploitent, de 495 à 185. D'autre part, pendant la même période, le nombre des épicerie-boucheries indépendantes s'élevait de 7,222 à 11,188.

On constate la même concentration en examinant le volume des ventes des chaînes de

magasins dans le secteur de l'épicerie-boucherie. La moyenne des ventes par magasin de chaîne, qui s'établissait à \$47,900 en 1930, touchait \$871,000 en 1953 dans la province de Québec. Pendant la même période, les ventes des magasins de vivres indépendants passaient, en moyenne, de \$13,300 à \$42,800. Cette augmentation tient beaucoup plus à l'expansion du marché qu'au phénomène de concentration qui s'est produit dans le cas des chaînes.

L'épicier-boucher indépendant rend un insigne service à la communauté par la concurrence qu'il livre aux chaînes de marchés géants, mais il est en butte à des difficultés qui, comme nous le verrons plus tard, affaiblissent son pouvoir de concurrence.

Cette concurrence de l'épicier-boucher indépendant est salubre, voire essentielle dans l'intérêt public. En effet, si la société ne prenait pas les moyens de protéger ce type d'entrepreneur, elle se trouverait bien vite à la merci d'une poignée de fournisseurs en mesure de dicter les prix et les conditions de vente. Déjà certains producteurs de denrées alimentaires saisonnières sont aux prises avec cette tendance monopolisatrice. Il y a des entreprises commerciales qui achètent des récoltes entières en laissant entendre aux producteurs qu'ils vont leur payer le prix du marché correspondant au classement officiel. Or il arrive que ce classement, bien qu'il ait été fait loyalement et selon les normes établies par



le gouvernement, n'est pas reconnu en pratique par ces entreprises commerciales puisqu'elles imposent leurs propres standards aux producteurs. Conséquemment, elles paieront aux producteurs le prix correspondant à une qualité inférieure pour une marchandise dont la qualité est supérieure selon le classement officiel. Et lorsqu'elles revendront cette même marchandise au détail, elles le feront au prix correspondant à la qualité supérieure. Il se produit donc un écart désavantageux et injuste pour le producteur. L'écart entre les prix payés au producteur et ceux exigés du consommateur ne manquerait pas de grandir si l'on parvenait à supprimer la concurrence de milliers d'épiciers-bouchers indépendants.

De plus, ceux-ci donnent au public un service plus personnel et toujours recherché de la majorité des consommateurs. L'épicier-boucher indépendant connaît mieux sa clientèle et est à même de répondre plus efficacement à ses besoins, goûts et préférences. Il prend les commandes par téléphone, rendant ainsi service à des milliers de mères de famille que leurs devoirs empêchent de se déplacer. Dans certains cas, il accorde du crédit à ceux qui sont dans le besoin et qui sont dignes de sa confiance.

La grandeur du rôle de la petite entreprise indépendante est reconnue en hauts lieux.

C'est ainsi que s'adressant à l'assemblée générale des détaillants de Vancouver le 10 juin dernier, l'honorable M. Davie Fulton, ministre de

la Justice du Canada, déclarait que "la vigueur et la salubrité de l'économie canadienne sont attribuables dans une large mesure à l'immense contribution de la petite entreprise au Canada". Il affirmait plus loin que "l'apport du petit homme d'affaires à la vie morale et spirituelle de sa communauté est considérable et extrêmement important" et "qu'il importait au plus haut point pour l'avenir du régime démocratique d'entreprise libre de préserver le plus grand nombre possible de centres d'initiative individuelle tout en instaurant l'efficience et en préservant le stimulant".

2. METHODES D'ACHAT

Les épiciers indépendants achètent parfois directement du cultivateur, de l'éleveur et du manufacturier. C'est le cas des petits fruits et légumes au cours de l'été, des pommes, des pommes de terre et des oeufs, des savons.

La majeure partie des achats s'effectuent toutefois auprès des grossistes ou par l'intermédiaire de coopératives d'acheteurs appelées communément "groupe d'achat".

Dans ce dernier cas, l'épicier indépendant doit investir une partie de son capital dans la coopérative pour en devenir membre. C'est la somme des apports individuels de capital des membres qui constitue le fonds de roulement du groupe d'achat. En s'unissant à d'autres épiciers, il obtient des conditions et des prix plus avantageux que s'il achetait individuellement. Cela lui permet aussi



de maintenir des inventaires moins élevés, d'accélérer le virement des stocks et de mieux contrôler ses sources d'approvisionnement. A la fin de l'exercice, il reçoit une ristourne qui est ni plus ni moins qu'une juste rémunération pour sa mise de fonds.

Le manque de capital empêche un grand nombre d'épiciers indépendants de devenir actionnaires des "groupes d'achat" qui jouent, somme toute, le rôle d'une maison de gros. Et il y en a qui préfèrent traiter avec les grossistes au lieu d'immobiliser une partie de leur capital.

Les groupes d'achat font de la réclame collective dans les journaux au profit de tous leurs membres qui sont identifiés au moyen d'un nom, ce qui a pour effet de les rendre semblables en apparence aux chaînes de magasins. Il subsiste entre les deux types d'entreprises une différence fondamentale en ce sens que chaque magasin faisant partie d'un groupe d'achat demeure la propriété du membre. Autrement dit, c'est une association à titre volontaire.

A ce sujet, il y a lieu de déplorer le fait qu'on assimile les groupes d'achat aux chaînes de magasins dans l'établissement des statistiques officielles, ce qui a pour effet de fausser la comparaison entre les deux types d'entreprises dans le domaine de la vente au détail des produits alimentaires.

Dans les achats chez les grossistes, lesquels demeurent les principaux fournisseurs des épiciers-bouchers indépendants, le processus reste



le même sauf que les bénéfices d'exploitation ne sont pas partagés entre grossistes et clients. Les méthodes actuelles employées par la plupart des grossistes permettent aux détaillants qui sont leurs clients, d'acheter à des prix suffisamment bas pour qu'ils puissent soutenir la concurrence des grandes entreprises et vendre à des prix de détail avantageux pour les consommateurs. Dans ce cas, comme dans l'autre, la réduction au minimum des inventaires et la rapidité du virement font que les détaillants parviennent à exploiter leur commerce efficacement en dépit d'une très faible marge de bénéfice net.

4. L'ECART DES PRIX OU BENEFICES BRUTS DE L'EPICIER-BOUCHER.

L'épicier-boucher n'exerce aucun contrôle sur les prix à la source ou sur les prix de gros de ses approvisionnements.

Ces prix de base sont sujets à la loi de l'offre et de la demande, ce qui revient à dire qu'ils subissent essentiellement l'influence de facteurs tels que l'abondance ou la pauvreté des récoltes, les saisons, la température, le pouvoir d'achat et les habitudes des consommateurs, le coût de la main-d'oeuvre et des services.

Les prix de base varient toutefois selon l'importance des achats et sous ce rapport le petit acheteur est désavantagé par la pratique de certains fournisseurs qui accordent des escomptes considérables s'élevant parfois, comme dans le cas du fromage, jusqu'à 20%.



Il y a une multitude de petits épiciers qui desservent des localités peu peuplées et éloignées des grands centres, qui, par conséquent, se trouvent lésés par cet avantage trop prononcé en faveur du gros acheteur. Cet escompte joue en faveur de la concentration et pénalise le détaillant indépendant dans certains cas, sans que le consommateur y trouve nécessairement son profit.

Aux prix facturés par le producteur, le manufacturier ou le grossiste s'ajoutent les frais de transport à l'épicerie, lesquels représentent généralement un supplément de 2% dans le cas le plus répandu: celui des achats au gros.

La différence entre le prix d'achat payé par l'épicier au fournisseur, y compris les frais de transport, et le prix de vente au détail représente donc l'écart des prix des produits alimentaires ou la marge d'exploitation.

Cette marge d'exploitation demeure bien inférieure à celle de tout le commerce de détail en général.

Prix à la consommation

Un examen des indices des prix à la consommation dans tout le Canada de 1950 à 1955 révèle que l'alimentation a augmenté de 12.1% comparativement à des progressions de 16.4% pour l'ensemble des prix et de 29.4% pour le logement. Seul l'habillement accuse une hausse moins prononcée, mais il convient de souligner qu'il ne représente qu'un peu plus du tiers du budget affecté à l'alimentation.

De 1951 à 1955, l'indice annuel des prix à la consommation des produits alimentaires a fléchi de 4.9%. A l'exception de certaines fluctuations saisonnières, les prix des aliments ont affiché une stabilité remarquable au cours de 1953-1955.

Résultats d'exploitation des indépendants

Le tableau suivant fourni par le Bureau fédéral de la Statistique donne un aperçu des bénéfices bruts, des bénéfices nets et du roulement du stock des épiceries-boucheries indépendantes de 1938-1956.

TABLEAU I

	Bénéfices bruts (% des ventes nettes)	Bénéfices nets	Roulement du stock
1938	17.4	4.1	13.0
1941	16.9	5.2	13.0
1944	15.2	5.8	16.1
1945	14.9	5.0	15.5
1946	15.1	4.8	14.9
1948	14.55	4.40	13.8
1950	14.88	4.05	13.9
1952	14.50	4.36	13.8
1954	15.09	4.40	14.1
1956	15.40	4.75	14.1

On constate que la moyenne des bénéfices bruts exprimés en pourcentage des ventes nettes a diminué de 2% entre 1938 et 1956. La moyenne, qui atteignait son point culminant en 1938 (17.4%) touchait son plus bas niveau en 1948. Elle s'est redressée légèrement depuis à l'exception de l'année 1952, au cours de laquelle elle accusait un fléchissement.

Dans le cas des bénéfices nets, la plus forte moyenne, exprimée également en pourcentage des ventes nettes, était obtenue en 1944 (5.8%), l'année même où le coefficient de roulement du stock était le plus élevé de toute la période envisagée. Il est d'ailleurs intéressant de noter la corrélation étroite qui existe entre les bénéfices nets et le roulement du stock, sauf en ce qui concerne l'année 1941. Cette interdépendance est conforme à la loi économique selon laquelle "le débit fait le profit".

La légère progression des bénéfices nets, de 4.05% en 1948 à 4.75% en 1956, est principalement attribuable à des économies de temps, d'espace et de personnel résultant de la modernisation des établissements et de l'introduction de méthodes d'affaires qui ont eu pour effet d'accroître le rendement du personnel, de réduire les pertes de marchandises et de mieux contrôler le prix de revient.

L'efficacité des méthodes d'exploitation de la petite entreprise commerciale a d'ailleurs été reconnue par l'honorable M. Fulton dans son discours déjà cité. "Nous ferions bien", disait-il, "de considérer avec scepticisme l'idée qu'en tout temps et lieu la grosseur de l'entreprise est nécessairement synonyme d'efficacité et que la petite entreprise, que ce soit dans le domaine de la fabrication ou du transport, ou de la distribution, est condamnée à disparaître".

De plus, les épiciers indépendants se rendent de plus en plus compte que l'exécution de



de commandes par téléphone, la livraison à domicile et le crédit leur imposent des frais que leur faible marge de bénéfice ne leur permet pas d'assumer gratuitement tout en maintenant leurs prix de détail au niveau de ceux de leurs concurrents. Aussi certains d'entre eux ont-ils tendance à réclamer de leurs clients une certaine compensation pour ces services. Ainsi, dans bon nombre d'épiceries-boucheries indépendantes, on n'exécute plus de commandes par téléphone dont le montant est inférieur à un certain minimum.

Bénéfices nets réels des indépendants

Les bénéfices bruts de l'épicerie-boucherie indépendante comprennent le loyer, les salaires, les frais de livraison, le coût des fournitures de magasin et les autres frais, dont la publicité, l'étalage, les charges sociales et l'entretien, et les bénéfices nets.

Le tableau II duquel je vous fais grâce de la lecture indique le résultat de l'exploitation des épiceries-boucheries indépendantes, exprimée en pourcentage des ventes nettes.

Les frais d'occupation ont sensiblement augmenté, ce qui est conforme à l'indice de progression du logement en général.

Les salaires ont légèrement diminué, de 1956 à 1956, de même que les frais d'exploitation en général, à la faveur du surcroît d'efficience apporté à l'administration des magasins indépendants, sujet traité antérieurement dans nos com-

mentaires sur les bénéfices nets figurant au
Tableau I.

Les frais de livraison accusent aussi une
diminution en raison de la tendance déjà énoncée
à supprimer les livraisons gratuites à domicile
dont le coût se révèle trop onéreux.

Le préemballage d'une multitude de denrées
alimentaires a supprimé plusieurs opérations et
réduit les besoins de main-d'oeuvre. C'est là une
des raisons de l'augmentation des ventes par
employé.

Les bénéfices nets figurant dans les
statistiques officielles sur les épicerie-bouche-
ries indépendantes ne dépeignent aucunement la
situation véritable puisqu'ils comprennent le
salaire du propriétaire et l'intérêt sur le capital
investi dans l'entreprise.

Or le propriétaire d'une épicerie ou
d'une épicerie-boucherie indépendante travaille
aussi fort sinon plus que le plus actif de ses
employés. Il a droit à un salaire, lequel se
trouve compris dans les bénéfices nets officielle-
ment attribués aux épicerie-boucheries indépen-
dantes.

Ce ne sont donc pas des bénéfices nets
au sens propre du mot puisqu'on a omis de déduire
la salaire du propriétaire, dont le travail est
si important et devrait être inclus dans les frais
d'exploitation.

A 4.75% de la moyenne des ventes par



magasin en 1956, les bénéfices nets, avant déduction de la rémunération des propriétaires, de l'intérêt sur le capital investi et de l'impôt sur le revenu, s'établiraient à environ \$3,600 au cours de cette même année. En déduisant le salaire du propriétaire, on conviendra que le bénéfice net réel est minime. On considère qu'il dépasse rarement 1%.

Le revenu net de l'épicier-boucher indépendant est bien inférieur au salaire moyen payé par le commerce et l'industrie au personnel de direction. Et en plus de diriger une entreprise, il doit y engager des fonds et courir, à titre de propriétaire, tous les risques que comporte l'exercice d'un négoce comme le sien.

De plus, il est évident que le propriétaire d'une épicerie-boucherie est loin d'être convenablement rémunéré au regard de la majorité des autres fournisseurs de la société. Sa marge de profit est extrêmement faible par rapport à l'importance des services qu'il rend.

L'épicier-boucher indépendant arrive souvent à rejoindre les deux bouts parce qu'il n'a pas à payer aux membres de sa famille des salaires aussi élevés que ceux qu'on doit payer à des étrangers.

Les bénéfices nets réels que lui laisse son entreprise ne lui permettent guère, dans bien des cas, d'y réinvestir un surplus et le forcent à emprunter pour financer le coût d'une modernisation ou d'un agrandissement.

D'autre part, les statistiques officielles

sur les bénéfices nets des chaînes de magasins sont établies après déduction des traitements, honoraires et salaires de tous les administrateurs, gérants et employés. C'est ainsi que leurs bénéfices nets paraissent inférieurs à ceux des exploitants indépendants, alors qu'ils sont, en réalité, beaucoup plus élevés.

5. L'ECART DES PRIX DE CERTAINES CATEGORIES DE DENREES ALIMENTAIRES

Pour l'information de la Commission, l'A.D.A. a procédé à une enquête sur les prix d'achat et de vente de certaines catégories de denrées alimentaires dans les magasins indépendants du Québec pendant la période comprise entre le 1er et le 31 août 1958.

Voici le Tableau III montrant les bénéfices bruts ou écarts de prix exprimés en pourcentages des ventes de plusieurs denrées:

TABLEAU III

Denrées alimentaires

(bénéfice brut en pourcentage du prix de vente)

Produits frais

Farine	11.77%
Pain à Montréal	15.4%
Pain en province	13.1%
Bacon	17.15%
Oeufs	11.15%
Lait nature	13.0%
Pommes de terre	16.1%

Conserves

Tomates	10.5%
Jus de tomate	15.3%
Saumon (en conserve)	13.2%
Aiglefin (filets)	12.1%



6. FACTEURS D'AUGMENTATION DES PRIX A LA CONSOMMATION

L'A.D.A. croit qu'il est de son devoir d'attirer l'attention de la Commission sur certains facteurs qui influent ou pourraient influencer sur les prix de détail des denrées alimentaires dans un sens défavorable aux intérêts des consommateurs.

En plus des escomptes spéciaux accordés aux gros acheteurs, et dont le coût retombe partiellement sur le petit acheteur et sur son client, maints manufacturiers cèdent aux pressions de chaînes de magasins qui obtiennent des allocations considérables pour leur publicité. Ces allocations sont des frais additionnels que le manufacturier doit inclure dans son prix de revient. Elles sont souvent employées à une réclame exagérée et tapageuse dans les journaux et à la télévision, dont les manufacturiers font les frais au détriment des consommateurs. Cette réclame dite "coopérative" a un effet sur la structure des prix, dont le niveau au détail pourrait être abaissé si on la supprimait.

Les primes, coupons et timbres de commerce ne sont qu'un trompe-l'oeil pour les consommateurs. Ceux-ci doivent absorber le coût de ce qui peut leur sembler être un cadeau en payant des prix plus élevés pour les aliments et autres fournitures qu'ils achètent à l'épicerie. Les primes, les timbres d'achat et les frais qu'ils occasionnent doivent nécessairement être inclus dans le prix coûtant et dans le prix de détail. Ils ont tendance à éliminer la concurrence par le prix.



La vente fréquente par des chaînes de magasins de certaines denrées alimentaires à des prix ridiculement bas, parfois bien inférieurs au prix coûtant, détourne souvent l'attention de l'acheteur des prix des autres produits qui ont été majorés pour compenser la perte découlant de ces ventes sensationnelles d'articles dits "loss leaders". Cette méthode d'attirer la clientèle est de la fausse représentation et favorise l'application de prix plus élevés sous le masque d'une grande aubaine.

Le préemballage des denrées alimentaires par les manufacturiers est un gage d'hygiène, de fraîcheur et de qualité. Les emballages transparents, entre autres, permettent à l'acheteur de se rendre compte de l'état apparent de la marchandise. Certains emballages, cependant, sont trop luxueux, trop dispendieux, grevant ainsi le prix de revient du produit. L'acheteur paie conséquemment plus cher pour un article dont l'emballage élaboré et séduisant semble avoir principalement pour objet de détourner l'attention du prix, de la quantité ou du poids.

Le prolongement des heures d'affaires des magasins de détail, dont il est grandement question à l'heure actuelle à Montréal et dans d'autres villes canadiennes, entraînerait inévitablement une augmentation des prix de détail. Des heures d'affaires plus longues n'auraient aucun effet sur le pouvoir d'achat ni sur les besoins alimentaires, mais elles occasionneraient, par contre, des frais additionnels qui ne pourraient être absorbés en



définitive que dans une augmentation des prix à la consommation. Les épicerie-boucheries sont déjà aux prises avec le problème de la progression continue du coût de la main-d'oeuvre, et on ne ferait qu'aggraver la situation en leur imposant des frais additionnels que ne pourrait compenser l'accroissement du chiffre d'affaires. A Montréal seulement, où dans certains milieux monoritaires mais influents on réclame une extension des heures d'ouverture des magasins, la moyenne hebdomadaire des salaires dans le commerce de détail est passée de \$41.72 au 1er mai 1957 à \$44.63 le 1er mai 1958.

La moyenne nationale des salaires hebdomadaires dans les épicerie-boucheries s'est élevée de \$41.68 au 1er mai 1957 à \$43.63 au 1er mai 1958.

Les exportations massives doivent être considérées comme un facteur d'augmentation des prix à la consommation dans certains cas. Ces exportations créent une pénurie d'approvisionnements sur le marché domestique et les prix de détail montent nécessairement à la suite des prix de gros. C'est le cas du boeuf, dont les prix de détail ont monté sensiblement depuis le début de l'année courante sous l'influence de la forte demande américaine de bétail d'élevage et d'engrais. Au cours du premier trimestre de 1958, on a exporté 123,758 têtes aux Etats-Unis au regard de 7,121 pendant la période correspondante de 1957.

Les épiciers indépendants déplorent qu'ils soient contraints par la loi de vendre le lait au même prix que la laiterie alors qu'ils ne donnent pas le



service de livraison quotidienne à domicile. Si l'on établissait un écart entre le prix du lait livré à domicile par l'industriel laitier et celui que le client vient chercher à l'épicerie, on réduirait d'un ou deux cents par pinte le prix d'un aliment essentiel au profit de tous et particulièrement des familles nombreuses à revenu moyen. Pour cela, il faudrait diminuer d'autant le prix de gros que doit payer l'épicier.

7. SUGGESTIONS DANS L'INTERET DES CONSOMMATEURS

Désireuse de sauvegarder les intérêts des consommateurs, l'A.D.A. soumet respectueusement les suggestions suivantes à la Commission:

1. Le poids et le prix devraient être inscrits sur chaque article étalé dans une épicerie-boucherie.
2. Dans le cas des conserves, la face principale de l'étiquette devrait porter le nom du produit, le poids, la qualité, la marque de commerce et le nom du manufacturier.
3. Les règlements de classification des produits agricoles devraient être l'objet d'une application plus rigoureuse. De cette façon, le consommateur serait sûr d'obtenir la qualité et la grosseur correspondant au prix.
4. On devrait interdire aux fabricants d'indiquer des prix de détail et des diminutions de prix sur leurs produits. Ce sont là des pratiques restrictives, injustes à l'endroit des détaillants puisqu'ils n'achètent pas tous au même prix, et trompeuses pour



pour le consommateur qui n'a aucun moyen de se rendre compte s'il bénéficie réellement de l'escompte affiché.

5. Les emballages devraient être avant tout pratiques, c'est-à-dire propices à l'hygiène, à la conservation et à l'information visuelle de la ménagère. On devrait, par conséquent, étudier les moyens de supprimer les emballages trop luxueux ou trop encombrants en vue de réduire les prix à la consommation.

6. Les primes, coupons et timbres de commerce devraient être abolis et déclarés illégaux. De cette façon, on favoriserait la seule concurrence qui, dans le commerce des vivres, est conforme aux intérêts des consommateurs, c'est-à-dire la concurrence par le prix, par la qualité et par le service.

Dans les conditions actuelles, les primes, coupons et timbres de commerce sont nécessairement inclus dans le prix de revient et augmentent les prix à la consommation.

7. L'écart entre les prix consentis aux gros acheteurs et ceux qu'on exige des petits devrait être réduit. Cela activerait la concurrence et exercerait une heureuse influence sur les prix à la consommation dans l'ensemble de la province de Québec et du Canada.

8. Des pressions devraient être faites auprès des organismes gouvernementaux régissant les prix du lait pour qu'on établisse un écart entre le prix du lait livré à domicile et celui que la ménagère achète chez l'épicier. Il en résulterait une dimi-



nution du prix à la consommation de cet aliment essentiel.

9. Les ventes de certaines denrées alimentaires à des prix ridiculement bas devraient être interdites parce qu'elles s'accompagnent souvent d'une augmentation du prix de plusieurs autres produits au détriment des consommateurs. Il s'agirait de prescrire un minimum qu'on ne pourrait dépasser, soit au moins 5% de plus que le haut prix de gros exigé des détaillants en alimentation. De cette façon, la grande entreprise ne jouirait pas d'une préférence découlant uniquement de son pouvoir d'achat, et non pas de son efficience ni des services qu'elle rend au public.

10. Les exportations de bétail devraient être contrôlées de façon à prévenir sur le marché domestique toute rareté d'approvisionnement de viande susceptible d'imposer des prix trop élevés au consommateur. Cela s'imposerait dans le cas de denrées qui, comme la viande de bœuf, occupent une place de premier plan dans l'alimentation des Canadiens.

11. Comme tout prolongement des heures d'affaires aurait pour effet d'augmenter les frais d'exploitation et les prix à la consommation des produits alimentaires, on devrait prendre les mesures nécessaires, si l'on veut empêcher la hausse du coût de la vie, pour que les présents règlements municipaux et provinciaux sur les heures d'ouverture et de fermeture soient maintenus en ce qui concerne

les épiceries, les épiceries-boucheries et tout autre établissement s'occupant de la vente au détail des aliments.

8. CONCLUSIONS

1. L'épicier-boucher indépendant est un puissant concurrent pour la grande entreprise à marchés multiples. Sa concurrence est essentielle à l'intérêt public. Le mouvement de concentration des magasins en série qui se produit depuis les vingt dernières années indique que les consommateurs seraient à la merci d'un nombre infime de gros fournisseurs; que ce petit nombre de fournisseurs seraient en mesure de contrôler la production tant sous le rapport de la qualité que sous celui du prix à la source; que l'écart des prix entre le producteur et le consommateur serait inévitablement plus grand qu'aujourd'hui; que producteurs, d'une part, et consommateurs de l'autre, voient leurs intérêts sauvegardés par la survivance des détaillants indépendants. Ceux-ci forment un rempart contre le monopole.

2. Les détaillants indépendants de produits alimentaires font plus d'affaires que les grandes entreprises, à magasins multiples, mais réalisent des bénéfices nets moins élevés. De plus, ils assurent l'approvisionnement de localités isolées et peu peuplées, rendant ainsi un service vital à la communauté.

3. La marge d'exploitation ou le bénéfice brut des épiciers indépendants est très faible.



De fait, elle est inférieure, si l'on tient compte du grand nombre d'unités à manipuler, à celle de tout autre fournisseur de produits ou de services.

4. Les bénéfices nets des magasins indépendants sont loin d'être suffisants. Le commerce au détail des vivres est loin d'être rémunérateur pour la mise de fonds et le travail qu'il exige du propriétaire.

5. Ce n'est que par l'emploi de méthodes modernes de mise sur le marché et d'administration que les épiciers ont réussi à tenir les prix de détail des aliments à un niveau relativement aussi bas.

6. Dans l'intérêt public, on devrait prendre toutes les mesures qui s'imposent pour sauvegarder l'épiciier indépendant et éliminer toute méthode d'établissement des prix qui soit de nature à anéantir son pouvoir de concurrence, ainsi que tout privilège accordé aux grandes entreprises à magasins multiples au détriment des consommateurs en général.

7. Les consommateurs doivent jouir d'un maximum de protection quant à la qualité, à la quantité et au prix des produits alimentaires.

EXHIBIT No: 64: Mémoire de l'Association des
Détaillants en Alimentation du Québec.

THE CHAIRMAN: We are hpoing to have the use of the translation equipment, so we will break for a minute or two, until we see if we can get this arranged.

(La séance est suspendue pendant la préparation des arrangements relatifs à l'interprétation simultanée).



MR. HURTEAU: Mr. Chairman, may I make a little correction that was overlooked at the last minute. On page 25, in the last paragraph entitled "Conslusions", the last sentence should read:

"...Le mouvement de concentration des magasins en série qui se produit depuis les vingt dernières années indique que les consommateurs seraient à la merci d'un nombre infime de gros fournisseurs s'ils ne pouvaient se tourner vers des détaillants indépendants..."

M. LE COMMISSAIRE MARTIN: C'est une addition seulement?

M. HURTEAU: Oui, "s'ils ne pouvaient se tourner vers des détaillants indépendants", car la phrase n'a pas beaucoup de sens sans cette modification. THE CHAIRMAN: I will now ask Mr. Couvrette to direct some questions to you.

M. LE COMMISSAIRE COUVRETTE: Merci, monsieur leprésident.

Messieurs, évidemment, c'est un travail très complet que vous nous avez présenté ce matin et qui contient beaucoup de renseignements dans plusieurs domaines, dans à peu près tout ce qui touche le commerce de détail de l'alimentation et, nécessairement, lorsqu'on parle d'alimentation, mes collègues de la Commission commencent à le savoir, et moi aussi, depuis longtemps, c'est un sujet qui peut susciter des discussions quasi interminables.

Toutefois, il nous faut tout de même entamer la discussion sur des questions qui ont trait aux

questions, ou plutôt aux détails signalés dans votre mémoire, et je vous demande si vous seriez d'accord avec moi en disant qu'aujourd'hui, de notre temps, avec les moyens modernes de transport, le système de distribution au niveau du détaillant a passablement changé, n'est pas comme celui d'il y a vingt-cinq ans, et qu'il change aussi avec les ans, parce que partout au cours de votre mémoire, vous mentionnez constamment que vous êtes en concurrence avec les magasins à chaînes, dites-vous. Ne serait-il pas plus juste de dire qu'à la suite de notre mode de vie actuel, c'est qu'il y a deux systèmes exigés par le consommateur au point de vue distribution des vivres? D'ailleurs, c'est ce qui s'applique dans tout le commerce de détail en général. Un, celui qui permet au consommateur qui désire se rendre au magasin pour acheter des vivres, les produits qu'il désire et épargner les frais du transport, et aussi qu'il aime en tout cas fréquenter un beau magasin; le deuxième, qu'il y a les autres qui ne peuvent pas laisser le domicile et qui ont besoin du service de livraison et de commander leurs marchandises par téléphone. Serions-nous d'accord sur ce principe-là?

M. MAJEAU: L'affaire des distinctions...

M. LE COMMISSAIRE COUVRETTE: C'est ce que nous aimerions entendre de vous.

M. MAJEAU: Voici. En théorie, cela serait très bien, mais en pratique, la concurrence frappe dans tout le commerce de l'alimentation, comme dans les autres commerces. D'ailleurs, les gens exercent le métier de commerçant dans une même ligne



sont des concurrents, et le consommateur va faire moins attention aux services qui lui sont offerts, surtout quand c'est gratuitement, qu'au prix en particulier. Alors, je ne vois pas la concurrence avec différence de prix; il faudrait, pour bien faire, que les services qui sont nécessaires dans bien des cas soient chargés. La concurrence qui joue là, et ceux qui chargent, il y en a qui chargent, il y en a chez les chaînes, il y en a chez les indépendants, dans très peu de cas, on n'ose pas, à cause de la concurrence qui joue. Chez les indépendants, certains chargent, un petit nombre, et un grand nombre ne chargent pas pour la livraison, l'usage du téléphone, pour le crédit. Alors, si en théorie c'est beau, en pratique il n'y a pas moyen d'en venir à cela.

M. LE COMMISSAIRE COUVRETTE: Si je vous comprends bien, vous sérumez l'élément concurrence à une question de prix uniquement?

M. MAJEAU: Non, pas uniquement.

M. LE COMMISSAIRE COUVRETTE: Sans égard à ce qui est accordé, en regard des prix des produits dans un certain cas pris au magasin, au self-serve, et dans l'autres cas, livrés à domicile, il y a une différence de service, évidemment, là?

M. MAJEAU: Absolument, mais on peut très difficilement faire absorber cette dépense-là par le consommateur.

Maintenant, au début de votre deuxième question, là, vous pourriez peut-être me la répéter,

car je l'ai déjà oublié. Généralement, le prix n'est pas la question la plus importante. Quand une cliente va entrer dans une épicerie, certainement que si elle est convaincue qu'à telle autre épicerie on vend meilleur marché, - et c'est la publicité qui va lui mettre dans la tête qu'à tel endroit on vend bon marché - elle ne regarde plus le prix, elle va entrer là. Quand elle est entrée là, elle n'entre pas chez l'autre. Autrement dit, la publicité change la mentalité des gens; des fois, c'est pour le mieux, mais pas toujours.

M. LE COMMISSAIRE COUVRETTE: Ma question est peut-être plus simple que cela. C'est que tout le long de votre mémoire, quand il est question de concurrence, il me semble que vous prétendez que l'épicier indépendant doit être en mesure de livrer la marchandise, faire crédit à son client et de vendre le produit au même prix que le magasin à chaîne?

M. MAJEAU: Oui.

M. LE COMMISSAIRE COUVRETTE: Qui ne fait pas la livraison, qui ne fait pas de crédit?

M. MAJEAU: Oui.

M. LE COMMISSAIRE COUVRETTE: C'est ce qui semble ressortir de votre mémoire; est-ce que j'ai bien compris?

M. MAJEAU: C'est bien ce que je pense aussi.

M. LE COMMISSAIRE COUVRETTE: Trouvez-vous cela logique, comme théorie?

M. MAJEAU: Ce n'est pas logique; en principe, cela ne marche pas du tout, mais en pratique, c'est ça qui marche.



M. LE COMMISSAIRE COUVRETTE: Jusqu'ici, nous essayons de mettre un peu de logique...

M. MAJEAU: Si vous le permettez, M. Hurteau a peut-être quelque chose de plus précis à dire, en réponse à votre question.

M. HURTEAU: Monsieur le président, je crois qu'il est très difficile à dire que les épiciers indépendants font le gros de leurs affaires par téléphone; je ne crois pas que tel soit le cas. Je crois que la majorité de leurs affaires se font au magasin, mais aujourd'hui, et c'est la raison précisément pour laquelle bien des épiceries-boucheries indépendantes se modernisent depuis une dizaine d'années, c'est pour affronter la concurrence des chaînes de magasins. Comme vous l'avez si bien dit, avec le développement des moyens de transport, on sait qu'aujourd'hui presque tout le monde a sa voiture, on est enclin à se rendre au magasin; il reste une certaine catégorie de personnes, comme vous l'avez précisé d'ailleurs, qui ne peuvent le faire, et là, elles vont s'adresser à l'épicier indépendant par téléphone.

M. LE COMMISSAIRE COUVRETTE: Est-ce que ce que nous venons de dire s'applique aux grands centres, aux centres de quelque importance; dans le nombre de 11,000 épiciers détaillants que vous avez mentionné, onze mille quelques cents, évidemment se trouvent tous les marchands de tous les petits villages et tous les petits centres de la province, cela va de soi; voici un secteur où

l'indépendant est irremplaçable, évidemment:

Maintenant, vous soulignez à plusieurs reprises la difficulté de la concurrence qui est faite aux détaillants et auriez-vous des suggestions spécifiques à faire, et réalisables, pour mettre le détaillant en position de faire face victorieusement à cette concurrence?

M. MAJEAU: Les suggestions que nous avons à faire, pour le moment, sont incluses dans le mémoire que nous avons présenté, et contenues dans les trois dernières pages; je ne voudrais pas, à ce moment-ci, entrer dans plus de détails à ce sujet-là.

M. LE COMMISSAIRE COUVRETTE: A la page 14 de votre mémoire, quand il est question de bénéfice, il faut bien comprendre que la rémunération du patron, le salaire du patron est inclus dans ces bénéfices, n'est-ce pas?

M. HURTEAU: Monsieur le président, si vous me le permettez, c'est un fait qui a d'ailleurs été souligné par la Commission des pratiques restrictives du commerce, dans un rapport qu'elle a publié il y a quelques années. On a justement fait cette mise au point et attiré l'attention sur le fait que le salaire du propriétaire, du patron se trouve inclus dans les bénéfices nets qu'on donne comme statistiques officielles du pays.

M. LE COMMISSAIRE COUVRETTE: A la page 18, vous parlez des entreprises familiales. Etes-vous en mesure de nous dire combien il y a d'entreprises familiales encore, approximativement?



M. MAJEAU: Je n'oserais pas risquer un chiffre; l'entreprise familiale étant celle où des membres de la famille, en plus du père, travaillent dans le commerce, n'est-ce pas?

M. LE COMMISSAIRE COUVRETTE: Oui.

M. MAJEAU: Vous en avez encore un certain nombre à Montréal même; vous en avez beaucoup dans la campagne et les petites municipalités à travers la province. Je crois que ce n'est pas la seule province où cela existe. Je connais des épiceries de Vancouver, d'Edmonton, de Calgary, de Winnipeg et de Saskatoon, où le père, la mère et les enfants travaillent au même commerce.

M. LE COMMISSAIRE MARTIN: Je voudrais d'abord vous demander si le code d'éthique professionnelle rapporté dans votre mémoire aux pages 1 et 2, si vous exigez que ce code soit appuyé et accepté par vos membres? Autrement dit, si c'est une condition d'admission de vos membres au sein de votre Association?

M. MAJEAU: C'est exactement une condition, mais en d'autres termes, cela ne veut pas dire qu'on ne se fait pas tromper, des fois.

M. LE COMMISSAIRE MARTIN: Cela arrive?

M. HURTEAU: La nature humaine est faible, bien entendu.

M. MAJEAU: Mais tranquillement on serre la vis, si l'on se rend compte que quelqu'un, après avoir accepté notre code d'éthique professionnelle et après avoir été accepté comme membre, ne s'y conforme pas, on lui donne un ou deux avis, et ensuite...



M. LE COMMISSAIRE MARTIN: Il est rejeté de l'Association?

M. MAJEA: Il est expulsé, oui; il y en a précisément qui ne veulent pas faire partie de notre Association à cause de la rigidité de notre code d'éthique professionnelle.

M. LE COMMISSAIRE MARTIN: Vous indiquez que c'est plus que l'éthique professionnelle, car vous estimez, semble-t-il, que votre Association est un actif dans le commerce de détail et dans notre économie?

M. MAJEAU: J'en suis convaincu, et voici pourquoi. Notre organisme ne se contente pas de représenter les épiciers un peu partout à l'occasion, mais elle a surtout, et c'est cela qui est le plus important, - je crois que c'est un embryon, si vous le voulez - actuellement l'Ecole de commerce de détail mobile. Nous avons actuellement trois techniciens et spécialistes du commerce de l'épicerie, au service des épiciers indépendants. Chaque membre peut recourir à leurs services en écrivant au bureau de l'Association. De plus, s'il veut faire préparer des plans très précis pour transformer son établissement, nous avons un technicien qui peut lui aider.

Nous avons un technicien en vente, qui est un expert lui aussi, et nous en avons un autre en fruits et légumes. Nous en aurons prochainement un quatrième en administration.

Ces gens-là ne se contentent pas d'écrire, mais surtout ils se promènent à travers la province,



parlent aux épiciers en groupes, et vous les voir dans leurs magasins individuellement, et l'on pourrait vous citer des centaines de cas. Ce service n'existe que depuis deux ans, et je pourrais vous citer des centaines de cas d'un peu partout dans la province, que ce soit dans les grandes ou petites villes, ou même des villages, de gens qui ont complètement transformé leurs méthodes après avoir eu recours aux services de nos techniciens, ou encore de gens qui faisaient \$1,500. d'affaires par semaine il y a deux ans, et qui en font aujourd'hui \$4,000. ou \$5,000., et certains même plus que cela.

M. LE COMMISSAIRE MARTIN: Et ce travail-là fait auprès des détaillants, à votre avis, peut s'exprimer, si je puis dire, par une réduction éventuelle des marges?

M. MAJEAU: Evidemment.

M. LE COMMISSAIRE MARTIN: Et ce travail que vous faites entre dans les cadres du problème que nous étudions?

M. MAJEAU: Exactement.

M. LE COMMISSAIRE MARTIN: Maintenant, à la page 6, toujours pour rester sur le même sujet, vous mentionnez au deuxième paragraphe ce que vous faites par la voix des journaux et de la radio?

M. MAJEAU: Oui.

M. LE COMMISSAIRE MARTIN: C'est un travail d'éducation du public consommateur que vous poursuivez?

M. MAJEAU: En même temps, oui.

M. LE COMMISSAIRE MARTIN: Toujours dans le

but d'essayer de réduire l'écart.

Maintenant, ce travail donne-t-il efficacement, ou plutôt effectivement des résultats?

M. MAJEAU: C'est assez difficile à déterminer. Vous savez, c'est comme la publicité. On fait de la publicité à l'année, et on ne sait pas exactement à quel moment elle va rapporter pour la peine. Alors, la dernière partie des choses dont vous avez parlées, c'est une question de relations extérieures. Il s'agit de montrer au consommateur que l'épicier indépendant qui modernise non seulement son établissement, mais surtout ses idées et ses méthodes, va faire aussi bien que qui que ce soit et qu'il est en mesure d'affronter la concurrence d'où qu'elle vienne.

M. LE COMMISSAIRE MARTIN: Vous mentionnez à la page 7 que de 1930 à 1951 le nombre des épiceries-boucheries indépendants a augmenté de près de 4,000. Est-ce que c'est dû simplement à l'accroissement de la population, ou si c'est dû à d'autres raisons, parce que votre mémoire souligne la situation relativement difficile dans laquelle se trouvent les petits détaillants, par rapport aux plus grands? Pourriez-vous nous donner quelques indications des raisons particulières qui ont motivé cette augmentation, ou ce qui a permis cette augmentation des détaillants, des petits détaillants?

M. MAJEAU: Bien, voici. Je crois que l'augmentation de la population, évidemment, a joué pour beaucoup dans l'accroissement du nombre,



mais pour vous donner mon impression personnelle, c'est qu'au lendemain de la guerre, beaucoup de gens qui avaient travaillé dans des industries de guerre au cours de la guerre, s'étaient amassés un petit capital, et poussés par leurs besoins instinctifs d'indépendance, se sont lancés dans le commerce, et comme c'est le commerce d'alimentation qui est, jusqu'à un certain point, celui qui paraît le plus facile à faire, ils sont venus à l'épicerie les trois-quarts du temps, sans connaître absolument quoi que ce soit du métier d'épicier.

M. CADRIN: Je crois qu'il y a aussi cette raison-ci; c'est qu'autrefois, on avait des boucheries où l'on vendait simplement la viande, et aujourd'hui, il y a des magasins combinés, épiceries-boucheries; la différence est peut-être explicable par cette raison.

M. MAJEAU: Je crois qu'elle est explicable par cela; il y a vingt ans, vous aviez énormément de bouchers et de fruitiers qui ne vendaient pas d'épicerie, tandis qu'aujourd'hui la situation n'est plus la même et vous trouvez même des épiceries chez un fruitier.

M. LE COMMISSAIRE MARTIN: Cette addition de nouveaux produits dans les magasins, est-ce que c'est en vue encore de réduire les marges, parce que si j'ai bien compris, les produits alimentaires, d'après ce que j'ai entendu dire, les marges seraient étroites, pour pouvoir les maintenir à ce niveau, vous ajoutez des lignes de produits non alimentaires; est-ce la raison?



M. MAJEAU: C'est la raison probablement qu'on va donner, mais la grande raison, c'est d'augmenter la marge de profit, parce que les articles qu'on choisit ainsi pour ajouter à l'épicerie, sont, règle générale, pour ne pas dire toujours, des articles qui rapportent un gros profit, et c'est bien plus le profit qu'on cherche à augmenter, que la diminution du coût d'opération, au moyen de ces articles.

M. LE COMMISSAIRE MARTIN: Il semble y avoir, d'après vos chiffres, une marge brute plus étroite chez les indépendants que chez les grands magasins. Est-ce dû au fait que le petit détaillant vend moins de produits non alimentaires?

M. MAJEAU: Bien, voici, c'est en partie vrai. Je crois qu'on va trouver plutôt dans les petites villes et dans les villages des gens qui vendent une quantité de produits qui ne sont pas alimentaires, quoiqu'on trouve un certain nombre d'articles de quincaillerie dans un très grand nombre d'épiceries, surtout chez les gens qui veulent aller de l'avant. On suit le mouvement.

M. LE COMMISSAIRE MARTIN: Maintenant, à la page 13, vous parlez, au troisième paragraphe, d'une marge d'exploitation qui demeure bien inférieure à celle de tout le commerce de détail en général?

M. MAJEAU: Oui.

M. LE COMMISSAIRE MARTIN: Est-ce que ce fait est le résultat ou une indication qu'il y a dans la distribution des produits alimentaires une



concurrence plus grande ou une efficacité plus grande?

M. MAJEAU: La concurrence est certainement plus grande; l'efficacité aussi, je crois, est plus grande, mais ce qui arrive, c'est que dans l'alimentation, le volume est beaucoup plus considérable que dans à peu près toutes autres lignes de commerce. Je n'ai pas beaucoup de chiffres ici, mais je ne sais pas si l'on n'a pas quelques chiffres sur cela. Il n'y a pas à sortir de là, il y a une augmentation d'un certain pourcentage dans le budget familial.

M. CADRIN: 27% de tout le budget familial.

M. MAJEAU: Ces 73% sont répartis entre tous les secteurs que vous savez; ils sont assez rares ceux qui approchent même de l'alimentation.

M. LE COMMISSAIRE MARTIN: Maintenant, je vais vousposer une question difficile. Vous dites par exemple à la page 10, dans le dernier paragraphe: "En s'unissant à d'autres épiciers, il obtient des conditions et des prix plus avantageux que s'il achetait individuellement". Est-ce que ce prix plus avantageux qu'il obtient de par l'Association est le résultat d'une économie plus grande ou d'une économie réalisée dans l'achat lui-même, la livraison, le financement, ou si elle est le résultat d'autres conditions?

M. MAJEAU: Il est le résultat non seulement des conditions que vous venez d'énoncer, mais en plus, l'épicier qui se joint à d'autres confrères



pour faire ses achats, par exemple, consent à des sacrifices qu'il ne consentirait pas à son fournisseur grossiste, par exemple, parce que le grossiste, en général - et M. Couvrette confirmera ce que je dois dire ou formuler - les grossistes sont tellement - il y a quelque chose que d'un bout à l'autre du Canada, dans le Québec comme ailleurs - il est en train de se transformer, chez les grossistes, des gens qui sont venus aux idées qui ont été préconisées par les groupes d'achat, par exemple.

Je me rappelle, et j'ai été épicier pendant vingt-cinq ans, c'est pour ça que je peux en parler en connaissance de cause, je ne me gênais pas, par exemple, pour téléphoner chez un grossiste trois ou quatre fois dans la semaine pour donner trois ou quatre commandes. Quand nous avons fondé les épiceries Richelieu à Montréal, il fallait que je donne toute ma commande le lundi soir; si ma commande n'était pas rendue au jour désigné, il me fallait attendre, je ne pouvais pas téléphoner aussi souvent que je le faisais autrefois ou auparavant. Dans un mouvement semblable, les grossistes vont convaincre un groupe d'épiciers d'agir de cette manière-là, parce que l'on sait, et le consommateur aussi, que la livraison faite aux petites heures coûte excessivement cher à tout le monde; quand elle est ordonnée, on réduit énormément le coût et au niveau du gros, du manufacturier, et au niveau du détaillant.

M. CADRIN: Je crois aussi que la tendance



qui existe déjà depuis quelques années a diminué constamment la marge de profit sur laquelle l'épici-
cier est obligé de travailler, l'a obligé, dans un certain sens, à se grouper pour avoir moins de stock en magasin, et pour tourner son capital plus rapidement, afin d'avoir un profit à la fin de l'année. Comme M. Majeau vient de le dire, les grossistes font la même chose actuellement, et c'est très heureux pour l'épicier indépendant de la province, je crois.

M. LE COMMISSAIRE MARTIN: Ma question difficile s'en vient. Si vous vous groupez pour acheter à de meilleures conditions, je suppose que cela peut vouloir dire acheter à meilleur prix ou à un prix plus bas. Alors, est-ce que le résultat de ce pouvoir d'achat accru, à votre avis, - et vous n'êtes pas obligé de répondre - peut avoir quelque relation avec le fait constaté que décrit ce graphique, que le prix des produits, que le niveau du prix des produits à la ferme décline depuis 1951, par exemple...

M. MAJEAU: Cela a certainement une certaine influence; il est assez difficile à établir, par exemple, parce que même pour les produits de la ferme, s'ils achètent en quantités, ils obtiennent de meilleurs prix que s'ils achètent en petites quantités.

M. LE COMMISSAIRE MARTIN: Mais il y a là, comme vous l'exprimez dans la diminution du prix d'unité, une pression qui s'exerce au niveau des prix payés au producteur, comme bénéfice d'une économie réalisée? Est-ce cela que vous exprimez?

M. MAJEAU: Bien, excusez-moi, M. Martin, j'ai assez peu de mémoire; quand vous êtes rendu à la fin de votre question, bien souvent, j'ai perdu le début de vue. Voulez-vous répéter, s'il vous plaît, et si vous me le permettez, quand vous aurez exprimé la première partie, me répéter tout de suite la deuxième partie?

M. LE COMMISSAIRE MARTIN: Il n'y a qu'une seule partie dans ma question. Voici. En vous groupant, vous dites dans votre mémoire, que vous avez obtenu, au fait vous dites "En s'unissant à d'autres épiciers, il obtient des conditions et des prix plus avantageux que s'il achetait individuellement".

M. MAJEAU: Lorsqu'il achète en plus gros volume.

M. LE COMMISSAIRE MARTIN: Lorsqu'il achète en plus gros volume?

M. MAJEAU: Oui.

M. LE COMMISSAIRE MARTIN: A votre avis, cela ne peut pas avoir de relation avec le fait que le niveau des prix des produits agricoles diminue?

M. MAJEAU: Ecoutez; en général, non, mais cela arrive très souvent, dans des cas particuliers; la moyenne des prix va être affectée s'il achète des grandes quantités, que cela soit des produits agricoles ou autre chose, il va obtenir de meilleurs prix que s'il achète en petites quantités.

M. CADRIN: Je crois que l'incidence de ces prix-là se fait sentir seulement entre le prix de gros au détaillant et le prix au consommateur.



M. LE COMMISSAIRE MARTIN: Ne croyez-vous pas que si cet effet se faisait sentir au niveau des prix du grossiste, que cela peut avoir une répercussion un peu plus loin, jusqu'au niveau des prix à la production?

M. CADRIN: Peut-être, mais c'est assez difficile de répondre catégoriquement à cela.

M. HURTEAU: Il y a aussi, messieurs les commissaires, si vous me le permettez, lorsque les épiciers indépendants se groupent, s'unissent pour former un groupe d'achat, ils achètent à de meilleures conditions; eh bien, il en résulte évidemment une économie, s'ils achètent à meilleur compte du producteur, et puis il y a aussi le fait qu'ils sont plus en meilleure posture pour concurrencer la chaîne de magasins.

Comme on l'a souligné dans le rapport, nous considérons que le bénéfice net des magasins indépendants est loin d'être suffisant; autrement dit, cela permet à l'épicier indépendant de se faire un revenu raisonnable, parce que vous vous rappelez sans doute que nous avons dit quelque part dans le rapport que la moyenne du salaire de l'épicier indépendant ou des revenus nets était de \$3,600. Vous conviendrez avec moi que c'est un revenu qui est loin d'être suffisant, et que cette moyenne pourrait être beaucoup plus élevée, si l'on considère le fait qu'en plus d'apporter un travail considérable, en plus de contribuer à la marche de l'entreprise comme employé, le patron doit engager un certain capital



et le risquer dans l'entreprise, et il est obligé aussi de se procurer un capital pour se tenir à la page, pour se moderniser et agrandir son établissement, ou même, dans certains, le reconstruire.

Je ne sais pas si cela répond un peu à la question que vous avez posée.

M. LE COMMISSAIRE MARTIN: Maintenant, est-ce que vous ne trouvez pas un peu surprenant que malgré le revenu net très peu élevé, le nombre des épiciers indépendants est augmenté, et d'après vos chiffres, toujours, de façon aussi considérable? Y a-t-il d'autres motifs, des compensations quelque part, pour justifier ou expliquer ce fait?

M. MAJEAU: Je crois que quand un épicier se lance en affaires, malheureusement n'ayant pas suffisamment étudié le commerce, il croit faire merveille et faire beaucoup d'argent. Ce n'est qu'une fois lancé, une fois engagé personnellement avec son capital, qu'il s'aperçoit que les profits sont moins élevés qu'il a pu le croire.

Alors, là, il espère toujours, en tentant d'améliorer ses chances, s'il est réellement progressif, il faut apprendre son métier, et il va réussir à ordonner son commerce assez bien pour se faire un salaire supérieur à celui-là. Quand on parle de 10,000 épiciers dans la province de Québec, le chiffre est exact. Vous avez une foule de restaurants-épiceries que l'on connaît, surtout dans la province de Québec, qui ^{ne} sont pas inclus là-dedans, mais vous en avez tout de même un grand nombre encore - moi, j'en

ôterais au moins la moitié de cela - je ne crois pas que dans toute la province de Québec il y en ait 5,000 ou 6,000 qui soient réellement des épiciers, ce qui changerait probablement le niveau exprimé du revenu net moyen des épiciers.

M. HURTEAU: Il s'agit évidemment d'une moyenne. Je crois qu'on doit tenir compte de cela; si l'on prend les meilleurs épiciers, ceux qui sont vraiment en mesure d'affronter les chaînes de magasins, je crois qu'on va constater que leur moyenne de revenus est sensiblement plus élevée que celle que nous avons citée. C'est une moyenne générale.

M. LE COMMISSAIRE MARTIN: À la page 12, vous mentionnez le fait que des escomptes considérables sont accordés à des grandes entreprises ou aux plus gros détaillants. Maintenant, est-ce que ces escomptes-là dépassent, à votre avis, le niveau des économies réalisées? Tout le monde sait que livrer la même marchandise, ou vendre, si vous voulez, la même quantité de marchandises à vingt personnes, ou vendre la même quantité à une seule personne, cela ne représente pas le même coût? Est-ce que les escomptes accordés, à votre avis, dépassent le niveau des économies pouvant être réalisées? Est-ce cela que vous voulez dire?

M. MAJEAU: Je crois que cela dépasse.

M. LE COMMISSAIRE MARTIN: N'y a-t-il pas une possibilité de l'établir de façon substantielle, dans le fond, ou si c'est principalement chez vous une croyance?



M. MAJEAU: C'est une croyance qui repose sur des faits, et je n'ai pas fait d'étude détaillée du problème, cela prendrait un comptable; quant au coût de revient, je crois qu'il y a des maisons qui sont en position de vous dire exactement quelle est l'économie.

M. LE COMMISSAIRE MARTIN: A la page 19, où vous donnez des marges de bénéfice brut sur certains produits, vous indiquez un chiffre de 13% pour le lait nature, par exemple, et vous exprimez le regret que les épiciers indépendants n'ont pas le droit, si j'ai bien compris, de vendre le lait nature à l'épicerie à un prix moindre que celui payé pour le lait livré à domicile, et vous indiquez que pour pouvoir vendre le lait à un prix inférieur à l'épicerie même, qu'il faudrait que le "gros" puisse vendre à l'épicier aussi à un prix inférieur. Cela n'existe pas présentement?

M. MAJEAU: Cela n'existe pas, parce que vous avez dans la province de Québec, comme dans toutes les provinces, une Commission de l'industrie laitière.

M. LE COMMISSAIRE MARTIN: Vous estimez que la marge de 13% en est une qui ne peut pas être vraiment réduite, même si vous aviez le droit, et il vous serait difficile de le vendre à un prix inférieur à celui payé lorsque livré à domicile?

M. HURTEAU: Oui, parce que le prix du gros est le même dans les deux cas.

M. MAJEAU: Le prix du gros en principe est le même, mais pas en pratique, et si vous voulez



prendre un détective pour faire le tour des épiceries à Montréal, ou des laiteries, celles qui font des factures comme elles doivent être faites, vous allez vous rendre compte que la marge qu'on laisse de profit à l'industriel laitier est telle que le moindre laitier va consentir des rabais qui vont souvent jusqu'à $\frac{1}{2}$ c. par pinte, et peut-être plus, dans certains cas, et des preuves, c'est facile d'en avoir.

M. CADRIN: Cette question du lait, dans notre mémoire, peut sembler un peu contradictoire, mais si vous avez remarqué, nous ne demandons pas une augmentation de la marge de profit à l'épicier indépendant dans la vente du lait à l'épicerie; nous demandons simplement de pouvoir vendre le lait à meilleur marché parce qu'il n'y a pas ce service de livraison, c'est un service que le client n'a pas à payer.

M. LE COMMISSAIRE MARTIN: Si vous pouviez réduire l'écart?

M. CADRIN: Oui.

M. LE COMMISSAIRE MARTIN: Une dernière question. Je réfère à la page 23, sous le titre "Suggestions dans l'intérêt des consommateurs", à l'alinéa numéro 3, où vous dites "Les règlements de classification des produits agricoles devraient être l'objet d'une application plus rigoureuse. De cette façon, le consommateur serait sûr d'obtenir la qualité et la grosseur correspondant au prix".

Pourriez-vous expliquer un peu cette affirmation?



M. MAJEAU: Quand on demeure à Montréal, on n'a qu'à aller se promener sur la Place Jacques-Cartier un jour de marché et faire le tour, par exemple des cultivateurs qui vendent des pommes de terre. Quand il y a un inspecteur sur les lieux, la plupart des sacs de pommes de terre sont étiquetés numéro 2; quand l'inspecteur a le dos tourné, l'étiquette est changée et les mêmes sacs deviennent la qualité numéro 1. Si un acheteur ne prend pas un soin méticuleux, il se fait passer très facilement de la pomme de terre de deuxième et même troisième qualité, et des exemples semblables, on peut vous en citer à peu près sur tous les produits.

La loi est bien faite, mais malheureusement c'est une affaire de patience; les inspecteurs sont plus ou moins sévères, la surveillance n'est pas suffisante et la nature humaine porte les gens à chercher le joint par où il y aura moyen de passer à côté ou à travers la loi.

M. LE COMMISSAIRE MARTIN: C'est à cela que réfère l'alinéa numéro 3?

M. MAJEAU: En partie, oui.

THE CHAIRMAN: Do you have any questions, Mr. MacKichan?

COMMISSIONER MACKICHAN: No, Mr. Chairman.

THE CHAIRMAN: Mrs. Walton?

While Mrs. Walton is thinking about her question, may I ask what is the record, over the past five years, say, of bankruptcies among the independent grocery stores?



M. MAJEAU: Monsieurle président, il est assez difficile de répondre à cette question de façon précise. Je puis vous dire que dans la province de Québec, nous en avons plus que notre part.

THE CHAIRMAN: I believe there are official statistics on bankruptcies, are there not?

MR. MAJEAU: Yes, there are.

THE CHAIRMAN: You are not aware of them?

MR. CADRIN: There are. These statistics show that the average of capital losses in bankruptcies are much less in the province of Quebec than the average for Canada. It is \$24,000. for each bankruptcy in the province, and I think it is \$27,000. or \$28,000. for the country.

THE CHAIRMAN: Do you remember the number of bankruptcies?

MR. CADRIN: I think it was something around 458 for 1957; I think, I am not quite sure.

COMMISSIONER WALTON: That was my question.

THE CHAIRMAN: I am sorry, Mrs. Walton tells me that was her question. I did not know that. Have you another one?

COMMISSIONER WALTON: There was just one statement. Did I understand you to say, when you were discussing milk, that the wholesale prices were the same in principle, but not in practice?

MR. HURTEAU: That is right.

COMMISSIONER WALTON: Could you clarify that?

MR. HURTEAU: Well, there is in this province,



and I think the situation is the same elsewhere where they have a Milk Board, and they fix both the wholesale and retail prices for milk. Then some people apparently found a way of going around the law, you see, or the legal price, and that is what we meant.

In principle, they should stick to these official prices which are the same, whether the milk is bought by the wholesaler for distribution for home delivery, or whether it is bought by the grocer for resale to the consumer. In other words, if the wholesale price could be lowered, the grocer could in turn reduce the retail price, and this would benefit the consumer, because I don't know about... it seems to me, I am not sure, maybe my colleagues will bear me on it or correct me, but I think the average cost of milk delivered to the door of the private home is about five cents per quart, I mean the average cost is about five cents per quart, so you can readily see that there would be a margin for reduction in the retail price if the grocer could buy the milk at the wholesale price. Does that answer your question?

COMMISSIONER WALTON: It does, but this is one of the occasions when the retailer and the consumer should both want the same thing, which is the price differential in the store, without the delivery home service; they would like to buy it cheaper, and maybe here is a place where the two could bring this about in other places in Canada. You have cities like Winnipeg and Toronto, where you do have the price differential.



M. MAJEAU: Monsieur le président, pour l'information des commissaires, je ne nommerai personne, mais je puis vous citer un cas qui est arrivé il y a quelques années, d'un détaillant dans la ville de Montréal qui vendait le lait deux sous par pinte meilleur marché que le laitier qui l'approvisionnait, c'est-à-dire l'industriel laitier, comme on les appelle aujourd'hui. Le même lait, l'industriel laitier le livrait de porte en porte à 2c. la pinte plus cher que ce détaillant-là, qui en vendait des quantités, et le grossiste de l'industriel laitier, un jour, a téléphoné à son client pour lui dire qu'il regrettait être forcé de cesser de lui vendre du lait, parce que les laitiers, ses livreurs de lait de porte en porte, trouvaient que la concurrence leur était ruineuse. Naturellement, les clients autour de ce magasin-là disaient aux laitiers: Ecoutez, vous nous le vendez 20c. et le magasin nous vend le lait de même qualité 2c. de moins la pinte, nous allons l'acheter au magasin".

Si vous avez besoin d'un nom, je pourrai vous le donner, avec force détails. C'est un cas unique, et j'ai des preuves, à part cela.

COMMISSIONER DRUMMOND: Could I enquire with regard.. I understand that you have, in classifying your different types of retail stores, included as one of the three types, cooperative buying stores, consumer cooperatives, and you also state that thus far there are relatively few of these in a province such as Quebec, where "cooperation" is as pronounced as it is in many fields. How do you



account for the fact that there are so few cooperative stores?

M. MAJEAU: C'est assez difficile à expliquer, mais une coopérative peut faire face à la concurrence dans des endroits où elle n'est pas trop vive. A Montréal par exemple, il y a beaucoup de coopératives qui sont nées; je crois qu'il n'en reste qu'une, actuellement, qui vit et, si je ne me trompe pas, c'est un de nos membres. A part ça, dans la province, dans les petits centres, au lac Saint-Jean, dans la région du lac Saint-Jean et dans celle du bas du fleuve, il y a des coopératives de consommation qui sont très prospères. Je les connais aussi parce que la plupart sont membres de notre Association.

COMMISSIONER DRUMMOND: There has not been a tendency for the number of these cooperatives to increase in recent years, has there?

M. MAJEAU: Pas dernièrement.

MR. HURTEAU: Mr. Chairman, if you will permit me. Doctor Drummond, one of the reasons is also the low operating margin; in other words, it does not mean much to the individual holder, at the end of the year, when he gets his share, his return, there is also the fact that inasmuch as we know, the few cooperatives which exist sell at rather high retail prices.

COMMISSIONER DRUMMOND: That is rather unusual, is it not, that practice?



MR. HURTEAU: Well, maybe they are not large enough cooperatives; you know, they don't have large enough, big enough purchasing power.

MR. CADRIN: The situation has improved quite a bit in the last few years for the cooperative business, with the alliance they have here in the province; it is a kind of wholesale store for all of them, and I think there has been an improvement in this situation on account of that.

COMMISSIONER DRUMMOND: You do not anticipate that there will be any specific increase in the number, do you?

MR. CADRIN: I don't believe so.

COMMISSIONER DRUMMOND: I note on page 2 that you speak of your Association as being made up of 3,000 members, out of a total of between 10,000 and 11,000. I presume of course that your Association is speaking on behalf of the entire number, is that correct?

MR. CADRIN: Yes, because on any subject that we try to defend the interest of the grocer as a whole, we speak on behalf of the whole province.

COMMISSIONER DRUMMOND: You mention in one or two places in your brief that in your opinion the use of premiums and trading stamps, etc. actually tends to reduce the amount of competition which exists. What is your reasoning for that statement?

MR. CADRIN: In a way it does because in certain classes of people, I would not speak on behalf of all consumers, but certain classes of consumers, they



are most enthusiastic about collecting premiums or coupons like, since they sincerely believe that they are going to get something for nothing. That is the main point behind it, I think, because if a consumer sincerely believes that he is going to get a premium of some kind for nothing at all, something he would not have to pay for, the price of the article itself does not matter very much. He will pay any price in order to get it.

We have some cases, it is out West somewhere, where some people bought soap, for instance, or detergent, by the case, in order to get the premium in the box. I think Mrs. Walton has heard about that. Mr. Majeau just tells me that they exist in Montreal too, just the same. I think it is all over Canada, and if the competition, through this means, goes that far, I don't think the price or the quality of the goods comes into account in any way.

COMMISSIONER DRUMMOND: I notice you also suggest the elimination of the loss leader practice. Is it your view that here again you have something which tends to eliminate competition?

MR. CADRIN: Yes, it does in a way too. I have a case that was told to me last night. We were talking a few minutes ago about potatoes, and one of our members just gave me a case, for instance, where potatoes were listed at 83c. per fifty pound bag, and they originally cost 90c.; they were sold at 83c. but on the other hand, the ten pound bags which cost about 22c. were sold at 39c. at the same time, and the



ratio between a fifty pound bag and a ten pound bag is about one to four, so I think it explains in a way what we have said in our brief.

THE CHAIRMAN: I wonder if I might ask for some further explanation of paragraph 4 on page 23?

M. MAJEAU: Voici ce qui s'est produit; c'est que tous les détaillants ne payent pas exactement le même prix; par exemple, la distance des centres d'approvisionnement va influencer le prix. Si un manufacturier, par exemple, fabrique à Montréal et qu'il envoie ses produits au lac Saint-Jean, bien, il va y avoir une différence peut-être de 40c. par douzaine d'articles, ce qui fait environ 4c. ou 3 1/3c. par article. Eh bien, si le manufacturier a mis un prix sur le produit, ce garçon-là est obligé tout de suite de réduire sa marge de profit, ou passer ni plus ni moins pour un voleur, s'il veut vendre cette marchandise-là à un prix qui lui laisse un bénéfice. Cela se produit sur beaucoup de choses. Je pourrais, au besoin, en donner des exemples. J'aimerais mieux, cependant, qu'on ne me pose pas la question de vive voix.

THE CHAIRMAN: May I ask if your organisation has taken any position on the subject of resale price maintenance?

M. MAJEAU: Oui, parce que nous sommes affiliés, notre Association, à la section des vivres de l'Association des marchands détaillants du Canada, qui fait le travail sur cette question-là.

THE CHAIRMAN: Your views are the same as that of your section?



MR. MAJEAU: About the same.

THE CHAIRMAN: I beg your pardon?

M. MAJEAU: A peu près la même.

M. LE COMMISSAIRE COUVRETTE: Est-ce que cette pratique indiquée au paragraphe 4, et de laquelle on vient de parler, n'est pas absolument en contradiction avec les lois existantes, la fixation des prix au détail par les fabricants?

M. MAJEAU: Bien, je le crois.

M. CADRIN: Messieurs les commissaires, dans bien des cas, cette fixation de prix n'est pas réellement une fixation de prix. On dira par exemple, c'est 10c. ou 15c. en moins pour tel ou tel article, mais on ne dit pas le prix de détail de tel article, mais c'est là que cela devient injuste pour le petit acheteur qui ne pourra pas acheter au même prix que le gros acheteur. Alors, il sera obligé d'enlever 10c. ou 15c. sur le prix de détail de l'article. Dans ce cas-là, je doute fort que le consommateur reçoive son profit de cela.

M. LE COMMISSAIRE COUVRETTE: Je crois que c'est là votre explication de l'affirmation du paragraphe 4?

M. CADRIN: Oui.

M. LE COMMISSAIRE COUVRETTE: Ce qui diffère un peu de ce que M. Majeau vient de dire.

M. MAJEAU: Cela semble différer, mais cela le complète.

THE CHAIRMAN: Thank you very much, Mr. Majeau and your colleagues, for this interesting



presentation. As Mr. Couvrette said at the outset, it is a very comprehensive review of the situation and we are very grateful to you for it.

M. MAJEAU: Monsieur le président, si vous me permettez un mot.

Messieurs les commissaires, permettez-moi de vous remercier, au nom de l'Association des détaillants en alimentation qu'Euébec, de l'appui sympathique que vous nous avez ménagé. C'est un vif plaisir, croyez-moi, de coopérer avec la Commission dans la tenue de son enquête, et vous pouvez être assurés que nous demeurons à votre entière disposition. Nous serons très heureux de vous fournir en tout temps et au meilleur de notre connaissance, et dans la pleine mesure de nos ressources, tous les renseignements et toute l'assistance dont vous pourrez avoir besoin.

Merci, monsieur le président et messieurs les commissaires.

THE CHAIRMAN: With respect to this afternoon's brief, on behalf of the Ontario Hog Producers' Association, I see that Mr. MacInnis is here. Mr. MacInnis, would it be convenient to you and your group to come back at 1.30 rather than 2 o'clock? We have only about twenty minutes left, and it would be insufficient to read your brief, which we think you might do. So, it is our suggestion that we break off now and come back at 1.30 o'clock.

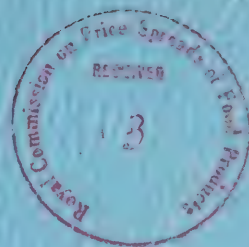
MR. MACINNIS: We are very happy to comply with that.

--- La séance est ajournée à 1.30 p.m.

(page 3440 suit)

Harvey Walton

AFTERNOON ONLY



ROYAL COMMISSION

ON

PRICE SPREADS OF FOOD PRODUCTS

HEARINGS

HELD AT

MONTREAL

P. Q.

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ROYAL COMMISSION ON PRICE SPREADS OF FOOD PRODUCTS

Proceedings before the Royal Commission on Price Spreads of Food Products commencing at 10.00 a.m., Wednesday, October 15th, 1958, at Montreal, Quebec.

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---On resuming at 1.30 p.m.

Submission of

THE ONTARIO HOG PRODUCERS' ASSOCIATION;
MARKETING BOARD AND SALES AGENCY

Appearances:

Mr. Wesley Magwood	Director
Mr. Clayton Frey	Vice-President, Market- ing Board
Mr. Melvin Becker	Director
Mr. Claire Curtin	Director
Mr. Ben Steers	Director
Mr. Lance Dickieson	Director
Mr. Eldred Aiken	Chairman, Marketing Board
Mr. Charles McInnes	Chairman, Association and Co-operative
Mr. James Boynton	Secretary

THE CHAIRMAN: Mr. McInnes, may I thank you again for coming up here; we are very grateful to you for coming to Montreal to present your brief, and we thank you for bringing such a fine delegation with you. I think it would be best if you would introduce your colleagues who will participate in the presentation, and then, if you would like to proceed to read your brief we will be glad to hear it.



MR. McINNES: Thank you, Mr. Chairman, lady and gentlemen of the Commission.

I wish to say on behalf of the Hog Producers of Ontario that we are very happy to have this opportunity of appearing before you, and we hope we can bring to you some information which will be helpful in your study.

It is a pleasure to introduce to you Mr. Aiken of Bruce County, Chairman of the Marketing Board; our Secretary, Mr. Boynton, and Mr. Frey of Lambton County, who is Vice-President of the Board.

Periodic investigations of the price structure of major Canadian commodities are highly desirable. Through these investigations many of the effects of government and company economic procedures and policies upon various groups within the Canadian economy are uncovered and publicized. Inequalities and injustices growing out of these policies and procedures are frequently revealed.

The direct benefits to Ontario farmers of previous Price Spread Commissions (1) are seen in the emergence and development of our Hog Producers' Association, Marketing Board and Sales Agency within the past seventeen years. As was indicated in a recent article appearing in a university publication which described the origins, purposes and operating methods of our Association,



Board and Sales Agency (2) -- here I am referring to a Supplement, The Case for Marketing Boards -- the findings of the previous Price Spread Commissions contributed significantly to the momentum in rural Ontario which finally culminated in the Province's hog producers establishing their own democratic organization to remedy gross injustices and inequalities suffered by them.

Truly it can be said that public airing of economic injustices and inequalities is the starting point for remedial action. Likewise, such an investigation can draw public attention to the sound and desirable features of an industry.

Orientation of Brief: In its list of "Suggestions to Producer Organizations Concerning the Presentation of Briefs to the Commission", these directives among others were given:

- 1) "The Commission will be interested in your views on factors in the market which at any time determine the price paid to members of your organization for their produce".
- 2) "... you should indicate the standard of 'fair and reasonable' by which the spread can be judged."
- 3) "... the Commission would welcome your views as to action which might be recommended to prevent the occurrence of



'excessive spreads'".

- 4) "The Commission would welcome any suggestions from you as to how information on prices could be usefully extended or could be made to contribute to a better understanding of the spread between producers' and consumers' prices."

It is around these four directives or themes that our brief has been prepared. Because our Marketing Agency is the sales organization for some 50,000 Ontario hog producers, the reason for its existence and its method of operation have bearing on the matter of prices, and so, information on these points is included.

A Fair Price Spread: Fundamental to any price spread investigation is the question of what does or does not constitute a fair price spread for any given commodity. That this is a very complicated question is indicated in the Royal Commission on Canada's Economic Prospects which stated that:

"... examinations of recent
"trends in Canadian food margins
"show considerable variation from
"product to product". (3)

Also complicating the analyses of price spreads are cyclical trends in the margins of various commodities.



Forty per cent of the retail price of one commodity might constitute a fair percentage of the consumer dollar to go to the producer, yet for another commodity it might be exceedingly unjust. Hence each commodity has to be examined mainly in terms of itself to arrive at a judgment regarding its price spread.

While quantitatively it is, therefore, generally impossible to judge the propriety of a price spread in one commodity relative to another, yet there are some qualitative aspects of price spread which apply to all commodities. As an example of these qualitative aspects we draw your attention to a Negotiating Board award made December 13, 1956, under the Milk Industry Act, 1954, Province of Ontario.

We refer, Mr. Chairman and members of the Commission, to this particular report of this finding, even although it is dealing with milk, because it contains the opinions that have been repeatedly expressed by members of the processing industry as we have had negotiations with them. While we don't have their words down in such a form as to be able to quote them exactly, I know that every member of our Board will vouch for the fact that they have repeatedly indicated that the price which they should pay for hogs does not have any bearing upon the cost of producing the product, and they



have repeatedly emphasized that price was determined by the consumer, and from that there had to be taken, as Judge Schwenger indicates, the cost of producing, and the balance of whatever it may be -- that is what the producer should be content with. So, we are using Judge Schwenger's statement in this award because it expresses identically the views expressed by the members of the processing industry.

One section of the findings accompanying the award stated:

"It is also fundamental that the gross
"value of one hundred pounds of milk is
"not what it costs to produce, under pre-
"sent conditions of this industry, but what
"it will bring in money when sold as a
"finished product on the available market.
"The net worth of one hundred pounds of
"milk must be this gross return less all
"expense of shipping and processing opera-
"tions". (See Appendix A)

Economic Philosophy: Here is a qualitative statement having a bearing of major proportions on all Canadian commodities including pork, and certainly in the case of the Schwenger award it determined the income and standard of living of 15,000 Ontario farmers. This statement in the Schwenger findings sets forth an economic philosophy regarding the priority of claim which



the producer should have upon a portion of the retail price of a food commodity.

It propounds an economic philosophy whose essence is that the farmer should receive what is left from the total price of a commodity after market conditions (4) have established the price and after all expense of shipping and processing operations have been fully met. (5) In other words the farmer is entitled to the crumbs from the table of the transporter and processor. Unfortunately, this is an economic philosophy shared by too many today and one, too, which is unfortunately regarded by some of our most venerable institutions as being enlightened, Christian and democratic. It is reflected in the attitude encountered in many non-agricultural circles that what is good for big business is good for Canada. (6)

From the point of view of our hog producers this kind of economic philosophy, and it has a direct bearing on price spread, is unsound, unjust, and inadmissible. One might, with equal justification, state that: "all production costs must be paid and the residue between these costs and market returns then falls to the transporters and processors". Receiving the crumbs would be the privilege of the processor and transporter. Sentiments identical to those of the Schwenger



findings have been repeatedly expressed to us by the processors. They maintain that the consumer or housewife sets the price on pork and all that the producer can ever expect to receive for his product is the value of the hog in relation to consumer price.

Government Assistance: In the Schwenger findings there is an admission that:

"the net worth (of commodity) is away out
"of line as far as the producer is concerned" and that "all efforts should be
"made to seek assistance elsewhere, possibly at the National level."

This suggests that if the farmer does not achieve a net worth in his product which equals his production costs then he should seek compensation elsewhere than the market place, evidently the Federal Government.

This proposal would subject the producer to the whims of politicians -- which can be very trying, unrewarding and precarious position at times. Admittedly price supports have benefited farmers, yet it is our opinion that where there are alternatives such as effective marketing boards, then government price assistance becomes progressively unnecessary, and as a result both agriculture and the total Canadian economy is much better off. Of course, there are instances where situations



of disaster proportions occur in agriculture, and these situations definitely do require government assistance for the good of the whole economy.

The government-assistance recommendation of the Schwenger findings is the very principle which big business had fought against for years. Individually, and through their many powerful associations, big business has vigorously opposed most forms of government interference in the Canadian economy.

Why then should agriculture, which is the nation's source of food and one of the most basic industries, become the prodigal child who is thrust onto the lap of the government?

It is our opinion that if in the market place where true competition was operative, producers shared an equality of power with the processor and retailer, then agriculture would need considerably less government assistance and would be able to secure a price which bears some relationship to his production costs and would enable him to enjoy a reasonable standard of living.

It was the prospect of having our industry too heavily supported and dominated by government, coupled with the shameful history of our industry in which the producers' costs had little or no bearing on the market price of his product, which prompted the formation and growth



of our Hog Association, Marketing Board and Sales Agency. We had a choice: seek heavy government assistance and thereby rely on government to rectify our powerless position in the hog industry, or set out through democratic producer organization based on sound business principles to rectify the situation ourselves. We chose the latter course.

In 1941, some 50,000 producers were selling their product in Ontario to relatively few buyers, and of those few buyers four were absorbing some 60 per cent of our weekly offerings. Also, the big buyers by means of direct bonuses to truckers were firmly controlling the destination of most hogs picked up at the farm, this despite the fact that producers were being charged a transportation tariff.

This was a condition that developed into our industry that we think definitely is a black mark upon the whole packing house industry. We, as producers, hire transporters to take our product to where it can be sold to the best advantage, and when people in the trade pay commission or a bonus or a bribe to the transporter whom we hire if they will keep our product away from the open market where competition prevails in establishing a price, and deliver direct to their plants where they can fix prices, we think this is a



condition within the industry that is a black mark against the industry, and it is something that just cannot be tolerated.

It has been repeatedly charged that between \$1 and \$2 million were spent annually by the processors to bonus our transporters. That is, they bonus them on conditions they don't take them to the open market -- on conditions they take them to their plant where they could fix the price. Under such conditions some 90 per cent of Ontario's hogs were going direct to packing plants from the farm without the benefit of competitive bidding of an open market.

You will find in Table 1 a report as to the number going between the year 1940 up to 1950 where it ranged along between six, eight and nine per cent of Ontario's production of hogs that ever went on the open market where competitive factors had a bearing on the price that was paid. (See appendix E, Table 1).

In effect, this bonusing allocated Ontario hogs at the behest of the trade. Naturally under such conditions the producers' bargaining power was nil. (7).

Here we refer to the report made by Professor Lattimer of Macdonald College of McGill who made a study of the hog industry, and when he became aware of what was going on in the industry,



in referring to it in the report, he stated that under such conditions the bargaining power of the producer was absolutely nil.

By having most of Ontario's hogs at open markets across the province, hog producers now are able to enjoy the benefits of salesmanship and are finally out of the ridiculous situation of having to take whatever price the processor decided upon after he had the farmer's animal already butchered. Today there are 16 producer-operated open markets in Ontario, to any of which the farmer can have his hogs delivered and sold under competitive bidding. We now have plans for opening up four more of those open markets in our province. In 1956 there was only one open market in the province -- this was at Toronto.

Through the operations of their marketing agency, Ontario hog producers now are placed in a stronger position to secure prices for their products which bear some relationship to production costs. It must be pointed out, however, that three-fifths of Canada's hogs in other provinces are still subject to processor dominance and do not enjoy the benefits of open marketing. This proves a constant embarrassment and obstacle to our operations here in Ontario. (For a full description of our hog organizations see footnote No. 8. Also see Appendix B, which deals in detail with Trade



Agency operation.)

The old practice of allocating the weekly offerings of Ontario hogs on a relatively fixed basis among the big packers, and by the big packers, has been somewhat disturbed by our marketing agency operations. Big processors are repeatedly complaining because they are not now regularly receiving what they term as "their proper percentage of the kill".

On several occasions we have been brought before the big processors. The big processors, which prior to the setting up of our agency, when we tried to talk to them about price, refused to talk to us, and finally said they would not even meet us if we were going to talk about price. They said they didn't depend upon the farmer for hogs; they depended upon the transporters. However, since our agency has been operating they have asked us to meet us several times, and their complaint is that they are not getting their proper percentage of the kill. Sometimes, in listening to them, you would almost think they had a divine right to a certain percentage of the farmer's products without having to buy it.

This indicates conclusively that they were previously allocating hogs by means of control over transporters so as to give them a fixed percentage of the slaughter. We definitely maintain



that no processor, large or small, has any proper claim to any percentage of the hogs. He has a chance to buy what hogs he requires and is entitled only to the hogs he purchases. Table No. 2 shows that much wider fluctuations in the weekly percentages of total Ontario hog offerings taken by the large packers occurs today compared with 1955 when our marketing agency was taking its first steps towards selling hogs on open markets.

If you turn to Table 55 you will notice that their percentage of kill is now varying from week to week, whereas back in the period before our Agency, whereby they could allocate hogs through the medium of paying money to transporters, their percentage of the kill varied very little.

Not only have hog producers benefited as a result of their marketing agency's operations. Smaller processors who in the past were never able to secure adequate supplies of hogs regardless of price offered are now processing larger volumes of hogs than ever before. The situation that existed before, not only destroyed competition but it prevented free enterprise from developing, because the small processor, regardless of what he was willing to pay for hogs, could not get sufficient at the market that he could expand his business. Some thirty or forty small processors in our province could only get between them six or seven per



cent that happened to go on the open market, and that was decreasing in number each year. Now, with all hogs on the open market, they have paid higher prices and they have got a larger volume of the product and have been able to expand. This development is of benefit both to the producer and the consumer.

Large processors have argued that direct-delivery of hogs from farm to plant without an intermediary stage of open marketing enables them to schedule their operations more efficiently. The large processors maintain that our system of selling adds to their costs because they never know in advance how many hogs they are going to receive. Hog producers, however, do not feel that they are obligated to orient their operations and sacrifice open marketing for the sake of processor efficiency. The first responsibility of our Marketing Board and its Sales Agency is to maintain a competitive market, not to accommodate processor plant operations, especially since a past president of Canada's largest meat packing company told a former Price Spread Commission that his firm bought as cheaply as possible and sold as dearly as possible. Thus when corporations put corporation interests first, why should hog producers not put hog producer interests first?

What Makes a Price? To provide



concrete evidence of how our marketing programme has re-established competitive trading of hogs in Ontario, which unquestionably is of benefit to producer, small processor and the consumer, we are setting forth detailed instances of trading by our Marketing Agency.

In such trading, competitive bidding was created by our hogs being assembled at our marketing yards. These details also document the flexibility of our sales method and indicate how a producer marketing organization can effectively sell primary food products on a competitive basis without employing some of the more rigid selling procedures of other producer marketing boards.

On Monday, September 16th, 1957, full direction began of hogs produced in seven counties, namely Grey, Bruce, Huron, Wellington, Dufferin, Peel and Halton, with the hogs produced in these seven counties being out at our marketing yards where all packers were able to bid competitively. The result was that we were able to sell all hogs across Ontario at \$33.00 per cwt. up to Wednesday night, even though some factions of the trade were bidding as much as \$1.00 per cwt. lower.

In the week commencing November 4th, 1957, because of hogs being bid for competitively, all sales were made at \$27.25 on Monday and



Tuesday, when there was a definite move from the first to buy the hogs at \$26.00. The fact that hogs were out in the open on our Marketing Yards, where they could be sold to the highest bidder, delayed the drop of \$1.25 per cwt. for two days.

For the next three weeks hog sales were at prices which moved gradually upwards until we sold hogs at \$29.50 by December 2nd, with sales at our different marketing yards at 50 cents and up to 80 cents above this price.

On Wednesday, January 8th, 1958, all packers came out and bid \$27.00 or \$1.75 per cwt. below the selling price of the previous two days of that week, and, because hogs had to be bid for before we would complete any sales, under competitive bidding we were able to make a sale before noon of 1,500 hogs to one packer at \$27.35, and for the balance of the day sales were made at \$27.50. During the next two days, Thursday and Friday, all sales were at \$27.75.

We are convinced that on these particular occasions to which we have referred, had we not had these hogs on the open market that the processor would have set a price up to one or two dollars lower.

On Monday, January 20th, we asked 50 cents higher for hogs, and sold them at \$28.25. This price continued Monday and Tuesday, except



for some extras at some of our marketing yards at 25 cents to 65 cents per cwt. higher. Next morning we asked and were bid \$28.50, and shortly after 2.00 p.m. the same day we made a sale of 5,000 hogs at \$29.00. By midday Thursday we sold hogs at \$29.50, which price continued throughout the day and Friday.

Next Monday, January 27th, we asked \$30.00 and by ten o'clock sold 500 hogs at this price and a little later sold another 1,500 hogs at the same price, which enabled us to sell the balance of the hogs that day for this price. On Tuesday the hogs sold at \$30.50, and late Wednesday afternoon we sold at \$31.00 and continued the balance of the week at \$31.00.

In the week beginning Monday, March 17, we sold hogs at \$30.00 most of the day, but closing sales were at \$29.00 -- which was the price generally bid in the morning. This price continued Tuesday and Wednesday, but on Thursday morning, because we had hogs out on our marketing yards, we were able to offer 1,500 hogs at \$30.00 -- and sold them. This sale set the pattern of price for the balance of the week and for the following four weeks.

In the above instances had we not had the Ontario-produced hogs out on the open market at our marketing yards, we could not have offered



specified numbers of hogs for sale and, through competitive bidding, sold the hogs to the highest bidder -- either at a higher price where the market was moving upward, or at a lesser drop than some bids when the market was moving lower.

Having hogs out in the open market, where they can be bid on by large or small packer, has re-established competition, which was lost when only 6 per cent to 8 per cent of the Ontario-produced hogs were moving through the Ontario market and the balance going direct into the packers' plants.

The following figures point out the influence the Ontario hog prices have had on the other markets across Canada.

You will notice on the next page of the brief -- and we will not take time to go over all of them -- that when the price was moving up it was the Ontario Marketing Agency that was the first one to start the upward trend, and when they were moving downward in Winnipeg or Edmonton or Calgary, it was the Ontario Marketing Agency that was slowing up the downward trend and thus returning more to the producers.

	ONTARIO	MONTREAL	EAST	WEST	WINNIPEG	EDMONTON	CALGARY
Apr. 21 to 25	30.25 all week	28.00 - 1.50 hd all week		30.00	28.50-29.50 all week	Opened 27.90 Closed 27.75	Opened 27.15 Closed 27.00
Apr. 28	30.25	Not reported		30.25	28.50-29.50	27.85	27.10
29	30.25-30.50	28.00 - 1.50 hd		30.25	28.50-29.50	28.00	27.25
30	30.50-30.75	28.00 - 1.50 hd		30.25	29.00-29.50	28.15	27.40
May 1	31.00	28.00 - 1.50 hd		30.50	29.00-29.50	28.65	27.90
2	31.50				29.00-29.50	28.65	27.90
5	32.00	Not reported		32.00	29.00-29.50	30.00	29.00
6	32.25-32.50	31.00 - 1.50 hd		32.00	29.00-29.50	30.10	29.35
7	32.75-33.60	31.00 - 1.50 hd		32.00	30.50-31.00	30.25	29.45
8	33.60-34.00	31.00 - 1.50 hd		32.25	31.50-32.00	30.25	29.50
9	34.00				32.25	30.35	29.60
May 12	34.00-34.25	Not reported		34.25	32.50	31.30	30.55
13	34.00-34.50	33.00 - 1.50 hd		34.25	32.50-33.60	31.50	30.75
14	34.50	33.00 - 1.50 hd		34.25	33.00-33.50	31.85	31.10
15	34.50	33.00 - 1.50 hd		34.25	33.00-33.50	31.50	30.75
16	34.50				33.00-33.50	31.50	30.75
May 19	34.50	33.00 - 1.50 hd		34.50	33.00-33.50	31.50	
20	34.50	33.00 - 1.50 hd		34.50	33.00-33.50	31.50	30.70
21	34.50-34.65	33.00 - 1.50 hd		34.50	33.00-33.50	31.00	30.70
22	34.50	33.00 - 1.50 hd		34.50	33.00-33.50	31.00	30.25
23	34.50				33.00-33.50	31.00	30.25
May 26	34.50	33.00 - 1.50 hd		34.50	33.00-33.50	31.00	30.30
27	34.50	33.00 - 1.50 hd		34.50	33.00-33.50	31.65	30.90
28	34.50	33.00 - 1.50 hd		34.50	33.00-33.50	31.65	30.80
29	34.50	33.00 - 1.50 hd		34.50	33.00	31.00	30.30
30	34.50				32.50-33.00	31.00	30.30

(The abbreviation "hd" under Montreal East indicates \$1.50 per head, which is the equivalent of slightly less than \$1.00 per cwt. It is not definitely known who receives the benefit of this \$1.50 per head.)



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO



When prices are declining, the Ontario market (indicating the strength and stability it has achieved since the inauguration of the Selling Agency and open market programme) has been able to show strong resistance to the downward trend. An excellent example is provided during the month of August, 1958.

You will see in the following figures just how that worked out.

	<u>Opened August 1st</u>	<u>Closed August 29th</u>	<u>Decline</u>
Ontario			
	\$32.50 - \$32.75	\$28.00 - \$28.25	\$4.50
Edmonton			
	30.50	23.50	7.00
Calgary			
	29.80	23.00	6.80
Winnipeg			
	30.00 - 31.00	25.00 - 25.50	5.00 - 5.5

By having the Ontario-produced hogs delivered to our Marketing Yards, we are able at times to secure a higher return to our producers at some of these Yards. This is brought about, in large part, by all hogs being offered under the competitive bidding to the highest bidder. Another influence is the fact that all hogs are sold on f.o.b. basis the Marketing Yards, with the purchaser paying the transportation charges from the yards to the plant. With the hogs in some yards being closer to a particular plant, that plant can pay a premium without the



delivered cost being any higher. All plants, knowing the usual number of hogs at any particular yard, can ensure their desired kill for that day by means of a premium bid.

The following is an example of how this worked out for the Ontario hog producers on one particular day's trading -- September 30th, 1958: I might say that the example for September 30th is just a common week's trading.

<u>Location of Marketing Yard</u>	<u>Number of hogs</u>	<u>Per cwt.premium paid</u>
Talbotville Yards	601	25¢
Leitrim Yards	29	50
do	617	25
Barrie Yards	301	25
London Yards	526	15
Burford Yards	282	25
Ancaster Yards	<u>421</u>	40

2,777 hogs

In this one day's operation we sold 2,777 hogs at a premium of from 15 cents to 50 cents per cwt., out of the total day's receipts of 11,127 hogs. This premium on the above number of hogs amounts to approximately \$1,100,000 increased revenue to the Ontario hog producers.



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Not only has competition resulted in the higher prices heretofore mentioned in this brief, but a comparison of the prices paid at the various processing plants before our Agency came into effect shows that at points outside of Toronto the processors' fixed prices were, on nearly all occasions, from 25 cents to 75 cents less than the Toronto price. We have picked out at random three separate weeks in 1953 which are representative of the price relationships persisting almost continuously prior to the setting up of the Agency.

1953

	<u>Toronto</u>	<u>Kitchener</u>	<u>London</u>	<u>Peter- borough</u>	<u>Stratford</u>	<u>Hull</u>
Jan. 15	\$28.00	\$27.75	\$27.35	\$27.90	\$26.50-27.50	\$27.50
June 16	26.00	26.00	25.75	25.35	25.25-25.75	25.50
July 10	26.00	25.75	25.35		25.50	25.50

The processors would put up the argument that it would cost you another 25 cents or 50 cents to take them into Toronto and, therefore, they feel they are justified in taking that price from the farmer.

As soon as our Marketing Agency was able to get more hogs on open markets across Ontario the prices at these outside points moved up to and above Toronto, a complete change from the situation prevailing before our Marketing Agency.



Price Spread: In Tables Nos. 3, 4 and 5 we have set forth the concurrent prices of loin chops to hogs, and the concurrent prices of fancy bacon to hogs. It would appear from these figures that as the price of hogs increases, the spread increases. This would seem to suggest that spreads were based on the percentage of the cost price rather than a "reasonable" markup.

If you would just turn to Table No. 3 you will notice that B-1 hogs were \$27.75 and the representative price of loin chops was 82 cents, so there was a spread between the whole price of the carcass and the pound of loins of 54 cents. When you go on down here and hog prices get up to \$31.50, that spread was 63½ cents. Now, we maintain that there is no justification for an excessive wide spread simply because hogs happened to be moving at a high level. If it cost 50 cents or 40 cents to process and distribute hogs that is what it should cost regardless of what the farmer is getting, whether it is 20 cents or 30 cents a pound. There may be a little loss on the lard but it would be very, very little and this practice of as the price of the hogs to the producer goes up the spread increases is, to our minds, unjustifiable. We have here another table in so far as fancy bacon is concerned and you will notice on Table 4 that as the price of hogs went up the spread between the price



of hogs and the price of bacon widened. Now, we maintain that there is no need and no justification for those spreads.

Also on table 5 -- I will not take time to go into the details of that, but that is a very significant thing to our minds because there we find that simply because there was a change in price levels the price to the consumer -- here it is dealing with the wholesale -- the wholesale price was increased so much that it had the effect of decreasing the consumption of pork.

Now, again, our argument is that if it cost 40 cents or 50 cents to process and distribute then that is the spread that there should be regardless of whether hogs are selling at 20 cents or selling at 30 cents, allowing, of course, some little variation for a small loss they may have on the few pounds of lard which might not equal the average produce price per pound. Some of these spreads in our opinion are unjustifiable. It would seem that such spreads are based on percentage of the cost price rather than a reasonable markup.

In Table No. 6 is set forth comparative prices of hogs in 1948 and 1958 along with comparative prices of fancy side bacon. These figures seem to suggest that in spite of larger volumes handled by chain stores, new methods of



processing as well as new values on offals, the spreads between 1948 as compared with 1958 show an increase of from 11 to 14 cents per pound.

I think that is depicted quite well in the graph which you have there which would indicate that is a general trend in all food products and which we do not think is justified.

Vertical and Horizontal Integration:
Acceleration of the trend towards vertical integration on the part of processors and feed companies (who in some instances are a single company) is regarded by Ontario hog producers as the trade's reply to the increasing strength of producer marketing organizations.

This phenomenon vertical-integration is the next cycle of countervailing power within agriculture (9). Hog producers are gravely concerned by the prospect of their industry coming under complete dominance of a small group of processors and feed companies through contract production. The impact upon the price spread as well as upon consumer prices might be serious -- consumer prices could go higher, while at the same time producers might receive a smaller portion of the retail price. The record of the past lends support to this possibility. Despite the development of modern processing techniques and the emergence of massive processing and retailing



companies this does not seem to have narrowed price spreads. If anything it would appear to have widened it.

Vertical integration in effect is a merging of a large group of producers, the processor, and feed supplier into a single economic bloc with decision-making powers vested in a relatively few non-agricultural people. It threatens to relegate producers into the position of share croppers.

We have all heard a great deal about the unfortunate position of the share cropper in the southern parts of the United States when they became tied up with large corporations.

The net effect of such an arrangement would be the equivalent to a giant corporate monopoly in which producer power would be negligible. The dangers from such a situation are set forth by L. G. Reynolds (while an Associate in Political Economy at John Hopkins University) in his book, "The Control of Competition in Canada":

"Three disadvantages of monopolistic
"control have been examined. Output
"is restricted and prices are maintained
"at a level which yields unduly large
"profits. Closely related to this is the
"practice of price discrimination, which
"is simply a method of collecting larger



"tolls from the more vulnerable groups
"of consumers. (10)"

Popularity of contract production among producers springs mainly from the excellent credit facilities which it makes available. The processor taking advantage of this rural need for credit succeeds in arranging a contract which we believe reduces the farmer to the level of a share cropper.

I would just pause to say that the other day I had a telephone call from a large lumber firm which has a great chain of retail outlets in our province. They called up to inquire into the health of the hog industry from the standpoint of return to producers and indicated that they had gone out and built quite a few, a large number of large piggeries throughout this province with a ten per cent down payment. Unfortunately, in my opinion, he and the people he was apparently dealing with seemed to think that producers were guaranteed from now till eternity the same price ratio between the cost of grains and the cost of hogs. This coupled with seed dealers going out and getting producers to sign up on contract to produce more hogs could, in my opinion, quite easily result in the Province of Ontario producing four million hogs per year instead of two million with no outlet for the other two million.



Some forecasters predict that within ten years the hog industry will be completely contract-controlled from the production stage through to the consumer by several massive corporations. Ontario farmers must, therefore, prepare now for such an eventuality. We have no alternative but to recognize this trend. If it is the intention of the processor to invade the farm production field, then we will have no choice but to invade the field of processing. If the feed corporations are going to invade the farm production field, then we will have no choice but to throw our weight as a group behind producer-controlled feed supply business.

We hasten to point out to the Commission that it never was our intention to invade these fields. But present trends leave us no alternative. Now that we have a strong producer organization whose specific objective is to see that production costs are reflected in market prices we are in a position to make this vertical integration trend our concern. We intend to arrive at vigorous, and intelligent, remedial procedures which will maintain the present bargaining power of Ontario hog producers.

The impact of vertical integration in which chain retail stores have markedly replaced independent butcher stores is of concern to our



hog organization. The volume of foods moving through chain stores is of such a magnitude that if a single chain in Canada decides for or against advertising pork for several weeks, this has a noticeable effect on the movement of this commodity to consumers and also on producer prices. This is but another warning to the producer as to how the fate of the hog industry could under future corporate integration be subject almost entirely to the decisions of a small group of non-agricultural men.

In the past it has been a relatively easy matter for the large packing companies to make arrangements with transporters to their mutual advantage, and to the distinct disadvantage of the producer. It would seem equally as easy nowadays for the processor and giant retailer to enter into an understanding which was mutually to their benefit, but not to that of the producer.

I would like to say, also, not to the advantage of the consumer either. On this question of the advantage to the consumer I would like to say that we as producers recognize the consumer as our customer and we do not want at any time to have prices where they are unfair to the consumer. However, we know that the consumers believe that the people who supply them with food have a right to a decent standard of living.



Quotation of Prices: The federal government is rendering a valuable service in attempting to provide hog producers with a reliable source of price quotations. However, much to our own disappointment, some of the prices supplied to the government by processors are not representative prices. Only a small percentage of a province's total weekly hog offerings might be involved in the prices covering one or two markets. We believe this to be particularly true out west and in Quebec where there are not the advantages of a producer selling organization.

Conclusion: The Judge Schwenger findings and the often expressed opinions of the large packers indicate the prevalence of an economic philosophy which holds that production costs need not be reflected in the market price of a food commodity, which contrasts sharply with the practice of manufacturers who base their prices entirely on production costs. The Schwenger philosophy proposes that if the net returns to a producer (after all processing and transporting costs have been fully met) do not cover his production costs, the difference should be sought supposedly from the federal government. This economic philosophy also stresses the absolute priority of claim which the processor and transporter costs should have upon the market price of a food commodity, with the



producer receiving the residue, regardless of how inadequately it covers his production costs.

Hog producers vigorously resent this economic philosophy. They feel that if all producers had equality of power alongside the processor and retailer, production costs would be covered. Hog producers point to their association, Marketing Board, and Sales Agency as the producers' method of creating competition in the hog industry, of relating retail price to production costs, and of eliminating the stranglehold which processors previously had upon the hog industry.

Ontario hog producers are perturbed by the present trend towards contract production of hogs. They regard this trend as another phase of an endless skirmish by processors to dominate the market place. Hog producers are proposing to take action to place contract production within their own control.

Fortunately, hog producers are progressing to the position where it will not have to accept meekly, and to their disadvantage, shifts in production, buying and marketing methods. Nor do they have to respectfully watch at a distance as these shifts inaugurated in the high offices of mighty corporations pare down the producers' share of consumer dollars.

The Ontario Hog Producers Association,



Marketing Board, and its Sales Agency now responsible for the sale of all Ontario hogs on open markets and under competitive bidding, is the producers' watchdog assuring him that he enjoys a bargaining power in the market place which is on an equal footing with processor and retailer. For the Canadian economy our Marketing Agency is a built-in economic safeguard, just as is the Combines Investigation Department or the Unemployment Insurance Commission.

Admittedly, hog producers are concerned about a legal precedent hanging over their heads, as well as over the heads of producers of other commodities, which declares that there need not be a direct relationship between production costs and market prices of food commodities, and that producers should look to government and not the market place for full coverage of production costs.

Our concern is mainly that even as late as 1956, legal decisions are being made which reaffirm and perpetuate the principle that the farmer is a second-rate citizen in Canada's economy, the poor cousin who deserves only economic crumbs. Naturally we are indignant and provoked and this makes us all the more determined that such an economic principle will never be imposed on us again -- an economic principle from which we have



only recently escaped through the establishment of our Marketing Board and its Sales Agency.

Our Sales Agency is not a monopoly. It is simply the farmers' way of introducing salesmanship on a provincial basis to his industry. Our Sales Agency does not attempt to fix prices; we merely accept bids and sell to the highest bidder.

Monopoly is impossible because of the existence of hog industries in Canada's other provinces, and hogs from these areas are free to move into Ontario. Our organization sells competitively to the highest bidders.

Recommendations

- 1) We ask that our protests against the economic philosophy as expressed by the Schwenger findings and by meat processors be borne in mind by the honourable Commissioners as they weigh the various representations made to them regarding price spread. Furthermore, we ask the Commission to publicly refute this principle as unjust and outmoded.
- 2) We recommend that the Commission investigate any possible relationships through interlocking directorates or through secret agreements, between the chain stores, packing companies and feed companies which might form the basis of a



future move towards intensive integration in the food commodity field.

3) We ask the Commission to recommend legislation which would make it a criminal offence for packing companies to pay monies to transporters (hired by producers) for the purpose of allocating hogs to the trade on a fixed and regulated basis, a procedure which effectively stifles competition. Likewise we ask that similar legislation be recommended which would make it a criminal offence for transporters to receive transportation tariffs simultaneously from producer and money from a processor if the hogs go direct to their plant rather than to an open market.

4) We ask the Commission to thoroughly investigate the possible effects on hog and pork prices of vertical and horizontal integration, bearing in mind particularly the effect of a very few non-agricultural men gaining control over the entire hog industry.

5) In any publicity given to hog prices, we recommend that each quotation should be accompanied by a percentage figure indicating what portion of the week's or day's total offerings moved at the given price.

This will correct the unrepresentativeness of some prices given for hogs.

6) We recommend that the prices quoted



should be prices actually paid the producer.

Frequently quoted prices will be what the processor paid, and this will include processor bonuses to truckers.

7) We contend the prevalent practice of setting the retail price of pork products by a per cent markup over cost is unfair to both consumer and producer.

Instead we would prefer to see a maximum markup set for each pork item of so many cents per pound, regardless of fluctuation in cost.

Below is a list of some of the benefits that would result from such a system:

(a) The market falls when production exceeds consumption. Under such a pricing system a producer price decline would be reflected immediately in the retail price to the consumer which would automatically increase consumption.

(b) The consumer would immediately benefit from surpluses and the resulting reduction in hog price.

(c) If the consumer prices were tied more closely to any changes in producer prices then there would be less fluctuation in per capita consumption of pork.

(d) During periods of shortage of products the possibility of profiteering would be



eliminated and product would move to the consumer at reasonable prices.

FOOTNOTES

- 1) Royal Commission on Price Spreads, 1937; Proceedings and Evidence of the Special Committee on Price Spreads and Mass Buying 1934; Royal Commission, Prices, 1949. See Appendix "D".
- 2) The Case for Producer Marketing Board, Charles McInnis: The Business Quarterly, Spring 1958, University of Western Ontario, page 39. See Appendix "B".
- 3) Royal Commission on Canada's Economic Prospects: Progress and Prospects of Canadian Agriculture by Wm. Drummond and W. Mackenzie, 1957, page 302.
- 4) "Market Conditions" in Ontario were such that there was virtually no competitive bidding for hogs. Here was a situation where the processor and retailer covered their costs and mark-up completely and in addition the processor had full control over market conditions to the extent that he decided what the farmer was to receive.
- 5) E. H. Harris, Q.C., of St. Catharines and solicitor for the Ontario Hog Producers Marketing Board recounted this incident: "My father was a peach grower in the Niagara district. He



sold peaches on consignment in which situation the producer did not get paid until the peaches reached the retail level and shipper, jobber and wholesaler were paid. I once recall a shipper coming to my father and reporting that for a particular consignment of my father's peaches, after everybody had received his cut, not only was there nothing left but my father owed money."

6) "The public is not only poorly organized to protect its interest, but is largely ignorant of those interests. Most people at present know little and can learn little about economic affairs. The influence of the controlled press is bent towards convincing the public that 'what helps business helps Canada', and conversely that every attempt to control business is an attack on individual liberty and democratic government". The Control of Competition in Canada, Lloyd G. Reynolds, page 240, Harvard University Press, 1940.

7) In a Confidential Report on Hog Marketing and the Hog Industry by Dr. J. E. Lattimer (April 1950) the author states: "This is such an unsatisfactory method of marketing as to be almost unbelievable. No better method could be devised of depriving the feeder of bargaining power". (Dr. Lattimer was referring to the direct delivery method.

There is nothing novel in the processors'



desire to allocate hogs as a means of controlling competition in Canada. Allocation had its precedent in the United States. In 1919 the United States Federal Trade Commission, submitted a report on the U.S.A. meat packing industry (see Appendix C) which on page 32 of the Summary stated:

"A much simpler and equally effective plan was then evolved in the form of a livestock pool, providing substantially for the division of purchases of the cattle, sheep and hogs sent to market according to certain fixed percentages, which could be agreed upon for long periods and needed to be changed only when conditions greatly altered, as, for example, when one of the big packers purchased an independent plant. This division of livestock purchases is not only an automatic regulator of the relative volume of each of the Big Five, but also secures substantial uniformity of prices paid for livestock and consequently of the prices at which dressed meats are sold. In brief, the pre-arranged division of livestock purchases forms the essential basis of a system by which the big packers are relieved of all fear of each other's competition and, acting together, are able to determine not only what the livestock producers shall receive for their cattle and



hogs, but what the consumer shall pay for his meat."

8) Over 90 per cent of all Ontario hogs were picked up at the farm and were moved directly to packing plant premises. No effective selling was done on these hogs. They were dumped at packers' plants without prior agreed price. The remaining approximately 10 per cent, or less, of Ontario hogs were delivered to the Ontario Stock Yards in Toronto and were sold by agents. It was said by some that it was this 10 per cent, or less, that was setting the price for the 90 per cent of hogs delivered direct. But, it was even worse than this, because many of the hogs delivered direct to the plants outside Toronto brought a lower price than that paid on the open market in Toronto.

There was, therefore, no open market in Ontario strong enough, or representative enough, to set a price on hogs. The price was being set mainly by the big packers, and the allocating of Ontario's weekly hog crop to packers was also being controlled at that level of the industry.

Many hog producers across Ontario were perturbed about conditions in Ontario's hog industry. With only ten per cent of Ontario's total annual \$100 million crop of hogs being sold on an open market under competitive bidding, and the balance moving direct to packing plants,



they agreed with the Royal Commission Report which said that this condition broke down prices on the public yards and placed the producer in a position where his bargaining power was nil. In my judgment, what incensed many Ontario farmers particularly was that transporters were being paid bonuses by the meat packers to ignore the public stockyards and to deliver hogs direct to packing plants. These bonuses in effect were being used to eliminate open marketing and competitive bidding. A number of Ontario hog producers decided that the time had come to take corrective action. The packers' excessive influence over hog prices had to be pared down, and Ontario farmers freed of the undue and unjust control which was being exercised over the hog industry and our farm income.

It required thirteen painful years for Ontario hog producers to organize their Association, the Hog Marketing Board, and the Sales Agency (the Sales Agency is called the Ontario Hog Producers Co-operative); and, it required another three years to put the organizations into full forward action. After overcoming a series of resistances and legislative complexities during a period of sixteen years, hog producers finally found themselves prepared and able to move. In July 1956, the Hog Co-operative commenced remodelling Ontario's entire hog market, and in the



months that have followed, dramatic changes have been effected in that market.

A NEW MARKETING PATTERN

Ontario hog producers through the Ontario Farm Products Marketing Act were given powers to direct transporters to deliver Ontario-produced hogs to specified points; and, given powers which permitted it to direct packing companies to receive only those hogs which had passed through producers' marketing points.

With these powers the Co-operative, as the Sales Agency of the Marketing Board, was enabled to carry out its sales policy of selling to the buyer willing to pay the highest price and of delivering hogs only to those processors who had already purchased the hogs from the Sales Agency. In order to carry out this policy effectively the Hog Co-operative in 1956 and 1957 established marketing points across Ontario where hogs were assembled and sold. Many of these marketing points, of which there are fourteen today, are linked with the Co-operative's head office in Toronto by teletype, which provides instantaneous communication. All the selling is done at the Co-operative's sales offices in Toronto. This means that whereas before July 1956, Ontario hog producers had only one open market to which they could send their hogs to be sold, today they have



the choice of fourteen open markets across the province. They now have the freedom to choose with each shipment of hogs to send their hogs to any one of these marketing points.

Today, as a result of the directional programme of the Ontario Hog Producers Co-operative, the old marketing pattern for hogs in Ontario has been greatly changed. Over 80 per cent of Ontario's hogs are moving through the marketing points of the Ontario Hog Producers Co-operative. This means that less than 20 per cent of Ontario-produced hogs are being delivered direct to packing plants, and when marketing points are opened all Ontario hogs will be sold on open markets. It also means that the possibility of what in my opinion is a most pernicious system of prearranged percentage division of Ontario hogs among the big hog buyers has been eliminated. The Ontario Hog Producers Marketing Board has considerable evidence to indicate that such a system existed here in Ontario -- a system which the U. S. Federal Trade Commission thoroughly condemned because it was used to determine what the producer received for his hogs.

Thus, now a big percentage of Ontario's hogs are under producers' control and are delivered to the packers' plants only after they have been sold by expert salesmen of the producer. It also



means that the packers' system of bonusing transporters is being gradually wiped out.

Put simply -- the Hog Producers Association and its affiliate organizations equip farmers with sound salesmanship in the marketing of their hogs, so that the farmer can exert some influence on the market and can earn the best price that the market will yield at any given time. The producers' hog organizations are dedicated to assisting the farmer to secure just and competitive prices, to secure a reasonable standard of living, to secure honest weights, to secure proper identification of his hogs, and to create and maintain honest competition in the market place.

9) American Capitalism -- the Concept of Countervailing Power, J. K. Galbraith.

10) The Control of Competition in Canada,
L. G. Reynolds, page 78

(Page 3483-A follows)



APPENDICES ATTACHED TO ORIGINAL BRIEF
AS FOLLOWS

- A - Negotiating Board Award made December 13, 1956, under the Milk Industry Act, 1954, Province of Ontario. Signed by Judge Wm. F. Schwenger and J. R. Austin.
- B - The Case For Producer Marketing Board, Charles McInnis; The Business Quarterly, Spring 1958, University of Western Ontario.
- C - Summary of the Report of the U.S.A. Federal Trade Commission on the Meat Packing Industry, June 24, 1919.
- D - Royal Commission Finding on the Canadian Livestock Industry. A Compendium of excerpts from the Royal Commission on Price Spreads, 1937; Proceedings and Evidence of the Special Committee on Price Spreads and Mass Buying 1934; Royal Commission on Prices, 1949.
- E - Statistical Tables Nos. 1-6.



THE CHAIRMAN: Do you feel ready for some questions now?

MR. McINNES: We will be glad to give you any information we can, Mr. Chairman.

THE CHAIRMAN: I would like to take this opportunity of finding out from you as much as we can about your operations. I understand that some of your colleagues at least would like to catch a train; is that correct?

MR. McINNES: We would like to at four-thirty. Nevertheless, we are here at your service if it requires staying longer.

THE CHAIRMAN: I have asked Dr. Drummond if he would ask some questions now.

COMMISSIONER DRUMMOND: Mr. McInnes, regarding the economic philosophy, so-called, that you have outlined and commented on at considerable length in the first several pages of your brief, as I understand it, your interpretation is that Judge Schwenger's decision and his statement in making that decision was to the effect that the price was determined by demand only and nothing necessarily at all to do with cost.

MR. McINNES: That is right.

COMMISSIONER DRUMMOND: That brand of thinking and philosophy is what your organization strenuously objected to?

MR. McINNES: That is right.



COMMISSIONER DRUMMOND: Would you also say that you would object to a price which was the result of the actions of supply forces versus demand forces?

MR. McINNES: We agree with that. The law of supply and demand, if there is free and open competition at all stages.

COMMISSIONER DRUMMOND: Do you feel in what we sometimes call the long run that the price must be sufficiently high to cover costs in order that production continues?

MR. McINNES: Not on all occasions; not on all occasions. Over a long period, yes.

COMMISSIONER DRUMMOND: What I am trying to get at here is this, whether you are really making a distinction here between what we might call the shorter-run results and the longer-run results so far as price-making is concerned. I am wondering whether or not you would not feel if in the long run, there is or must necessarily be a distinct connection between the price which the producer receives and what it costs him to produce, but that in the shorter run this relationship does not necessarily help.

MR. McINNES: That is right.

COMMISSIONER DRUMMOND: Would you agree with that?

MR. McINNES: Yes, we agree with that.



COMMISSIONER DRUMMOND: I take it, then, that what you are really concerned about is what happens in the shorter run. How long do you consider the shorter run should be?

MR. McINNES: Well, that will vary, I think, from time to time. I just wouldn't be prepared, and I don't think the other members here would be prepared, to state how long that might be. Are there not many variable factors which might affect that?

COMMISSIONER DRUMMOND: Yes.

MR. FREY: I would like to say, in regard to Dr. Drummond's point, that that is true. The producer can produce hogs at a loss, which he does, and still maintain himself by what revenue he recovers from other sources. But what we are questioning is, does that necessarily have to be the case? Now, we know that in multiple operations, whether it be farming or otherwise, losses can be maintained for a period of time provided they can be recovered from other sources of revenue during the time you are referring to, which may vary, depending on the period of loss, until the producer sees an opportunity to regain it.

COMMISSIONER DRUMMOND: Your type of operation is what we normally speak of as mixed farming, therefore with several sources of revenue?



MR. McINNES: That is right.

COMMISSIONER DRUMMOND: In any case, do you feel this, that if you get what you have called several times in your brief a truly competitive price, that will cover your costs?

MR. McINNES: Not always.

COMMISSIONER DRUMMOND: I think there is one statement towards the end to that effect.

MR. McINNES: I don't think we intended to imply that it would always cover the costs. What page is that on, Dr. Drummond?

COMMISSIONER DRUMMOND: I rather think it is in the Summary.

MR. McINNES: I might say I don't question -- maybe it is there.

COMMISSIONER DRUMMOND: Yes, at the bottom of page 22. You feel that if hog producers had equality of power alongside the processor and retailer, production costs would be covered?

MR. McINNES: Well, I think -- I am glad you brought our attention to it. We didn't intend it to read that way. What we had in mind when we prepared this was that he would be in a stronger position to regain his fair share of it. Yes, that is over-worded.

COMMISSIONER DRUMMOND: You wouldn't want to go so far as to say that, no matter how much



bargaining power you had as the result of your present Agency, you would thereby ensure that all hog producers would at all times have their costs covered?

MR. McINNES: No, that is not our thought.

COMMISSIONER DRUMMOND: I would like to revert a little bit to a bit of history. I think it would be valuable to the Commission members if you would perhaps supplement the brief in a few spots, if possible, to explain exactly in your opinion what was the actual situation at various times. Now, I will state these times and situations. You have mentioned the fact that, prior to 1941, I think that is the year you mentioned, that you had a limited degree of competition, that you had your large packers getting a very large part of the total supply force, that you had them controlling this practice of recompensing the trucker for bringing in hogs to their particular plants. You also said that, in your opinion, there was a definite agreement between them in regard to the share of the market, so to speak?

MR. McINNES: There were indications of that.

COMMISSIONER DRUMMOND: Indications of that?

MR. McINNES: Yes.



COMMISSIONER DRUMMOND: You are suggesting -- not positively, I don't think, but you are certainly expressing a belief that by their right of paying larger sums to the transporters they thereby provide a means of ensuring that each of them gets their requisite share of that market in accordance with some prearranged plan. Is that correct?

MR. McINNES: That was our opinion; that was the result, shall we say?

COMMISSIONER DRUMMOND: Do you feel that, by their act of paying this money to these transporters, each of these packing firms was thereby competing with every other packing firm?

MR. McINNES: Well, there was competition in paying money to transporters, but there was little competition, if any, in buying hogs, in the price of hogs. There was some little competition with them in, shall we say, buying transporters, speaking roughly.

COMMISSIONER DRUMMOND: What I am getting at is this: if there was a prearranged plan among the larger packers to get their requirements, and each of them, after having made this arrangement, competing against all the others by means of paying money out to people to bring them supplies to this plant rather than to that plant -- that is what I am getting at.



MR. McINNES: Would you mind repeating that? I didn't get the first part of your question.

COMMISSIONER DRUMMOND: Yes. The point is this: if you did have an agreement between the packers ---

MR. McINNES: And the transporters.

COMMISSIONER DRUMMOND: No, first of all an agreement between the packers themselves with regard to sharing the market, then the question I am asking really is: why should any one of those compete against all the others with whom he has made this agreement by means of paying them good money to bring these hogs in?

MR. McINNES: I get the point now. That didn't carry through to all of the processors, the smaller processors, the group that is referred to as domestic packers, which has a separate organization. They were not in on this; it largely consisted within the four larger and members of council.

COMMISSIONER DRUMMOND: When they were trying to get hogs through this particular method of transportation, you do appreciate that they were trying to prevent these hogs being transported to the central market?

MR. McINNES: That is right.

COMMISSIONER DRUMMOND: Were they also,



do you think, trying to prevent them being given to these smaller packers?

MR. McINNES: Yes, we think so. It was a twofold purpose.

COMMISSIONER DRUMMOND: Have you pretty concrete evidence that this state of affairs actually existed?

MR. McINNES: In regard to payment to the drovers? But at first when we accused them of it they denied it, but now they don't hesitate to admit it.

COMMISSIONER DRUMMOND: Could you supply the Commission with concrete evidence in regard to this, if necessary?

MR. McINNES: Yes. In fact, just a few weeks ago in one direction in which our programme does not apply one drover who had been hauling to one particular plant was charging a dollar and a quarter for transportation, and he gave the farmer two dollars a hog as he picked up the hog. I don't think out of a dollar and a quarter transportation charges he could finance the farmer.

THE CHAIRMAN: In other words, some of this went back to the farmer?

MR. McINNES: Lately some of it went back to the farmer in order to hinder our programme, but previous to our Agency starting it didn't go



back to the farmer.

THE CHAIRMAN: There was no competition between the truckers themselves?

COMMISSIONER DRUMMOND: In connection with this matter, I think you already said in your brief that the farmer himself was relatively indifferent where the trucker took the hogs?

MR. McINNES: That is right.

COMMISSIONER DRUMMOND: Why should he indifferent?

MR. FREY: He was in a completely helpless condition.

COMMISSIONER DRUMMOND: Was he not in a position to tell the transporter where to take these hogs?

MR. McINNES: We farmers up until recently felt it was our responsibility merely to produce, and we took little interest in marketing. I think 1 the marketing survey a few years ago it indicated -- now, I am speaking from memory now -- I think that survey indicated that something like 68 per cent of the farmers didn't know where the hogs were going when they left the farm. Is that correct? If it isn't, I can get you a report, if you wish.

MR. AIKEN: I think there was one set up before the Agency started in operation. The pricing of the product was on a dressed-weight



basis, and if it was 27 cents, it wasn't of primary interest to him who was the processor, but it got to advanced stages where the processor financed the transporter to such an extent that the transporter took all his stuff to the plant with whom he had negotiated, and we had this stuff obligated to go to this particular plant. It was on the understanding that they would go to certain plants.

MR. McINNES: All of which destroyed competition.

COMMISSIONER DRUMMOND: The next point I would like a little further explanation of is just what your several moves have been since you first started to do something about this problem. My understanding or recollection is that you did, as it were, make two or three different approaches. Perhaps you would like to explain for the Commission just what those were and why each one, as it were, was discarded in turn and why you adopted the present one?

MR. McINNES: I meant to say in regard to that, Dr. Drummond, that our first move under the provisions of the regulations under the Farm Products Marketing Act was to sit down with processors in an endeavour to negotiate minimum prices and conditions of sale. We worked at it for several years. Processors were always quite willing to discuss with us matters pertaining to



producing a better quality of product or a more regular weekly supply of product. When it came to the question of conditions of sale or price, they absolutely refused to discuss those things with us; and I indicated before, and the results of those meetings will reveal, that they finally gave notice that they wouldn't meet us again if we were to discuss price, and then they said it was dependent upon these transporters and they would not discuss price.

Then we set up this agency ---

COMMISSIONER DRUMMOND: May I interrupt?

MR. McINNES: Yes.

COMMISSIONER DRUMMOND: Didn't you inquire also from the packers as to their practice of paying the transporters?

MR. McINNES: Yes, that is right. We questioned them on that. At that time they were not willing to admit that it was going on. Later on, when we got more information and we made it public, they were highly insulted for a while, but now they frankly admit it. We met them on some other matters the day before yesterday, and they frankly admitted it. Then we set up the marketing agency. As you know, our legislation was challenged and taken to the Supreme Court of Canada. While it was before the Supreme Court of Canada, in order to strengthen our bargaining



position, we tried to get hogs out on the open market on a voluntary basis, and we were quite successful in getting quite a large number out on that basis. But we found the transporter then going out and saying to the producer, "Well, if you will allow me to take them direct to the plant we will allow you two or three dollars," which we know must have come from the processor. If he was getting \$1.25 from the processor he couldn't give you two or three dollars back and keep it up continuously. So we couldn't get all the hogs out on the open market on the basis of a voluntary move, so it became necessary, when the final decision was handed down by the Supreme Court of Canada, for us to pass these orders as we took in new territory to make it necessary for hogs in a given territory to be delivered to an assembly point set up by us, which is merely an open market, and also that no processor could buy hogs which were produced from other than that assembly point.

We have sixteen now, and we propose four more assembly points, at least, in the province.

MR. FREY: What we are endeavouring to establish, and I think we have already established, is this, that our hogs shall be priced before they are processed. Now, it was a very common occurrence of previous operations for hogs to be started on the Saturday and rolled on the



Tuesday, and no price set on these hogs until the Wednesday. There was no price set in the marketing at all until after they were processed. So it was our determination that prices shall be established before they are processed.

COMMISSIONER DRUMMOND: All right, having set up these assembly points -- call them open markets -- I think it would be very interesting to find out in some little detail just what the technique is in the selling process or the price determination process right now.

MR. McINNES: In reply to that I might say at the present time we have a sales board; the sales are not done by one man alone. We have a sales board of five different men. Starting off on a Monday morning, they take a look at the price at which the product has been moved, at wholesale level, the price it has been going at at the retail level, the volume that has been moved, the surplus, if any, the export prices, and also keep in mind the producers' cost of production, and after taking all these factors into consideration, they establish an asking price. Then they contact the various processors and the processors make bids.

Now, I might say that with these assembly points we have a teletype system of communication so that our sales board knows every hour or half hour how many hogs are at each one of these points,



and so they offer that volume of hogs to the buyers at a certain price and then bidding starts, and naturally, as a seller, we ask a fairly strong asking price, and negotiations start from there; and we have thrown out a challenge to the trade on various occasions to name one single occasion when we have failed to sell hogs to anyone else other than the man who was willing to pay the highest price, and finally one company, after they knew hogs were being sold, they offered to buy at a higher price after they were on the way. But we challenge to show one occasion that we failed to sell them at the highest price.

COMMISSIONER DRUMMOND: After you establish this asking price, you say you contact the buyers?

MR. McINNES: Yes.

COMMISSIONER DRUMMOND: By what means?

MR. McINNES: By telephone, or they can come to the office.

COMMISSIONER DRUMMOND: These salesmen are all located at the office?

MR. McINNES: Yes, the Toronto office; and let me say that there is a blackboard just about as long as this room, not quite, which is similar to the blackboard in the stock exchange, and it gives the point from which they are sold, the price at which they are sold, and the



purchaser.

COMMISSIONER DRUMMOND: They buyers are located where?

MR. McINNES: All over the province.

COMMISSIONER DRUMMOND: At their own place of business?

MR. McINNES: Yes.

COMMISSIONER DRUMMOND: You telephone them at their own packing plant?

MR. McINNES: That is right.

COMMISSIONER DRUMMOND: There are no packers' representatives at the assembly yards at all?

MR. McINNES: Well, the sale is not transacted at the assembly yards. I don't say they don't go there, but there is no particular reason for them going there.

COMMISSIONER DRUMMOND: Have they any means of knowing how many animals are at these particular points?

MR. McINNES: We have that information, and if they want to know more we tell them. As a matter of fact, we offer them, we are quite free to tell them how many hogs are there. Of course, we are never sure how many are going to come out on a certain day.

COMMISSIONER DRUMMOND: You mentioned here that you sell at various quantities at any time?



MR. McINNES: Yes.

COMMISSIONER DRUMMOND: The quantity at which you sell will depend, I presume, on the number available in the yard, but also on the number that the buyer wants; is that it?

MR. McINNES: That is right. Some of the yards have a far larger volume come in; take the Kitchener yards, the Toronto yards, and then some of the other yards, at Lancaster, and so forth.

COMMISSIONER DRUMMOND: Has each of these buyers or bidders any way of knowing how other bidders have acted?

MR. McINNES: On that I can only do some assuming, that there are occasions when the larger processors in particular all seem to come in with the same bid. Now, whether it is a case that they have been in communication or they have all had the same dream, I don't know, but there are occasions when they all seem to have the same opinions, anyhow.

COMMISSIONER DRUMMOND: I was going to ask you pretty nearly that same question. It seems to me that, according to what you have called suspicions in the past, there was something in the nature of an agreement between these larger firms in regard to various things, including the price to be offered. If that was physically possible and economically desirable to them in those years,



why would it not be equally possible for them to come back and agree on the particular price they are going to offer you now?

MR. McINNES: A strong point in our competitive factor is the fact that our small processor, the group that we generally refer to as domestic packers, are trying now to extend, because the product is there. They are not trying to get together with the larger processors, so our competition would be quite often between one group and another group of processors rather than individual processors within a certain group, and we hope that position will not be eliminated.

COMMISSIONER WALTON: If they are not gathered together at one of these clearing houses, you couldn't have an auction bidding. I mean, I haven't quite understood ---

MR. McINNES: Well, it would probably or might be determined a bit on what we call auction bidding; they have the opportunity of the bid. There is not an auctioneer; we have a group of salesmen, and these various processors bid to these salesmen.

COMMISSIONER MacKICHAN: The number of hogs they would accept might be quite flexible.

MR. McINNES: That is right; and I might say, since you have mentioned this word "auction", that we are not -- don't look very



favourably on the auction method of selling. The auction method may be a good method where there are a lot of buyers and a limited number of each individual product that is for sale, but in cases like this where there is a large volume of product and only a few buyers, it is very easy for them to have an understanding between them if they are brought together, and to have an auction method, you are bringing them together. Experience has taught that we can get along better with them separated somewhat, one from the other.

COMMISSIONER DRUMMOND: Is it a fact or is it not that packers have suggested this auction method?

MR. McINNES: That is right, they have requested it several times.

COMMISSIONER DRUMMOND: To make it absolutely certain that we have this thing clear -- when you ask your prices and solicit offers by telephone, do you actually in practice, say, contact the same firm several times in regard to a particular purchase at times? In other words, does he sort of banter back and forth?

MR. McINNES: There is a lot of, probably, shall we say, bartering and haggling before the price is actually arrived at. To say that we contact all of them several times probably might not be correct, but we keep contacting them until we think



we have the best price from them.

COMMISSIONER DRUMMOND: It takes a lot of telephoning?

MR. McINNES: That is right. But, on the other hand, with the auction selling the small processor who probably only kills three hundred or four hundred hogs a week, and who is living out of Toronto one hundred, two hundred or three hundred miles, it would be very expensive for him to have a man there every day bidding on hogs. So it would result in one of two things, both of them undesirable: one might be that we would be selling on auction with only part of the buyers there; and the other undesirable feature would be that some buyers would have one man come and represent them there, which would decrease the situation. We believe that the whole thing in our economy is competition.

COMMISSIONER DRUMMOND: I understand that, speaking of competition, certain people at certain times and places have actually charged your agency as being a monopoly or having a monopolistic intent. What do you say to that comment?

MR. McINNES: We say it is not founded. Where we are not fixing prices and where we are not subject to other hogs coming in from other provinces, and where we are merely a selling agency, probably a lot could depend on the definition of "monopoly".



But the results of our operations are not what you would describe as a monopoly which fixes prices.

COMMISSIONER DRUMMOND: You are a monopoly in the sense that you are the one and only selling agency?

MR. McINNES: That is right.

COMMISSIONER DRUMMOND: But you have no control over the supply of the product you are producing?

MR. McINNES: No.

THE CHAIRMAN: Before we leave this question about the technique of selling, may I pick up a point there? You tell us you start off and say that is \$30. Now, you don't get any bidders on \$30, but somebody has said \$27.50, somebody else has said \$28, somebody else has said \$28.50, and having gone round them all you say, "That's all right; the price is \$28.50."

MR. McINNES: We start bidding at \$28.50, and the man making the highest bid naturally has first call on the product, and the others coming in today, you will get that price; sometimes they stay out and they don't take on any hogs until the next day and try to get them at a lower price.



THE CHAIRMAN: On this initial bidding does the bidder give any indication of the quantities he is prepared to take at the price he specifies?

MR. McINNES: Not definitely. Most of them would indicate they would like maybe two hundred or three hundred or fifteen hundred to two thousand or something like that. They don't, as a rule, say definitely so many hogs, but they give an indication of approximately how many. A few hundred hogs, apparently, makes no particular difference to them that way, unless they are short of product, and then they will pay a higher price for a few more.

THE CHAIRMAN: When you then announce that you are going to start selling at \$28.50, some sales take place at that price, and then perhaps it slows up and you have sold all you can. At the next level of bidding you say, "We will take \$28", I presume. When you bring your price down to \$28, have the buyers left then any knowledge of the quantities which have been sold at \$28.50?

MR. McINNES: They are up on the black-board and they can see exactly how many were sold.

THE CHAIRMAN: But if they were not present they would not know?

MR. McINNES: Well, if they phoned or inquired they would be able to find out; it is no



secret.

THE CHAIRMAN: It could be given to them?

MR. McINNES: Yes.

THE CHAIRMAN: You rather left the impression that there are two groups of buyers here -- big and small?

MR. McINNES: Yes; there are two different organizations.

THE CHAIRMAN: Is it a fair question to ask, in your experience, when you start the bidding, are the small buyers usually the ones that offer a fair price?

MR. McINNES: Well, off the record, if I may say that -- I would rather the press did not use this.

THE CHAIRMAN: It cannot be off the record.

MR. McINNES: Well, I would not want to make any statement that probably may cast a reflection, but I will state that our dealings with the smaller packers have been very, very happy.

THE CHAIRMAN: What I am really working around to is trying to find out what the basis of the complaint by the big packers that they cannot get the quantity from you really is. Have you any explanation of this?



MR. McINNES: In our opinion it all stems from that remark which they have repeatedly used -- "We want our percentage of hogs", which for so many years they got; each one of them got, apparently, a certain percentage of hogs until it seems to be instilled in their minds that they have a divine right to it, and when they don't get it, well, then they say they are not being used fairly.

THE CHAIRMAN: Well, I can see that if their scale of operation has been adjusted for whatever reason in the past to a given supply of hogs, they are obviously going to be worried if they don't get these quantities. Let me try one other point: do you ever notice at the end of the buying day a tendency for the price to go up again?

MR. McINNES: There have been tendencies at the end of a buying day for them to go up, and probably the supply had been heavy and there was a tendency for them to weaken. You have to be there to see the pulse of the whole situation, as to how the product is moving and the volume forthcoming, and so forth. It is a very delicate thing.

THE CHAIRMAN: It is delicate, and unusual to me -- that is why I am trying to find something out about it. I am thinking of myself in a position of a larger packer and I have bid \$28 to begin with, and a smaller packer bids \$28.50, and so you start at \$28.50; then you come



down to \$28, and I buy some at \$28, but not all I would like to have, and perhaps at the next round the price goes down to \$27.50 and I pick up some more, but later on in the day I begin to realize I am not getting the quantity I would like to have got. At that point, it seems to me, I can start bidding up the price again.

MR. McINNES: That is right, and that does not necessarily raise the whole market. You can bid a quarter or fifty cents more at a certain point outside, where there are three hundred hogs, and it may not affect the Toronto price.

THE CHAIRMAN: It does sometimes happen towards the end of the day you would get the impression the packers who are short in their buying -- they are starting to bid up prices again?

MR. McINNES: That is right.

MR. AIKEN: Of course, that does not necessarily mean they get their full quantity. It means if there are hogs left, and they wish to have them, and they bid a quarter more, they will get them, but if they are already previously sold at \$28, then that order is filled.

THE CHAIRMAN: This is the problem of the buyer: not only is he concerned about prices, but he wants quantity?

MR. McINNES: Well, they are there for him to buy the quantity. If he doesn't



want to pay the price, we have no right to keep his plant rolling.

COMMISSIONER DRUMMOND: It is a question of first come first served?

MR. McINNES: That is right.

THE CHAIRMAN: Have you ever had occasions where the price offered, in your opinion, has been so low that there has been no sale?

MR. McINNES: Yes, quite often starting off the price is low and sales are not made for several hours, but we try not to keep the hogs waiting long in our yards. That is probably one of the weaknesses, that we have almost a perishable product; we cannot keep them great lengths of time.

COMMISSIONER MacKICHAN: In receiving bids do you have regard for grades?

MR. McINNES: Well, all hogs are sold on grade, and the grading is done by government graders.

COMMISSIONER MacKICHAN: And the bid is on one definite grade?

MR. McINNES: It is on the mill run of hogs, which will vary ---

COMMISSIONER MacKICHAN: Subject to grades?

MR. McINNES: Yes.

MR. AIKEN: And the price is on grades.

COMMISSIONER MacKICHAN: Established grades?



MR. AIKEN: Yes.

COMMISSIONER MARTIN: Are your producers paid an average price, or in relation to each sale?

MR. McINNES: Just in relationship to each sale. We don't pool our average prices.

COMMISSIONER DRUMMOND: In respect of this matter the Chairman was inquiring about, namely, the complaint of some of the packers that they have difficulty in getting their required supplies, and that that in turn results in unused capacity of plant and, therefore, increased cost of processing per unit, what I think this Commission is very interested in knowing is, the extent to which in actual practice your operations have resulted in this unused capacity and this increased cost?

MR. McINNES: I don't think our operations -- the hogs are there.

COMMISSIONER DRUMMOND: Well, they are there, and they can get them?

MR. McINNES: Yes.

COMMISSIONER DRUMMOND: Under certain circumstances?

MR. McINNES: Yes.

COMMISSIONER DRUMMOND: And have they, in fact, got them?

MR. McINNES: The large packers are not getting as much percentage as they did before, but they got the larger percentage before because they



got them coming direct to their plant, and the small fellow never got them, and now, when the small fellow can get them, he pays the price and gets them, and that is free enterprise.

COMMISSIONER DRUMMOND: But it does mean their volume is reduced, and the unit cost of processing must be higher?

MR. McINNIS: Well, the unit cost of the small man is then probably lower than it was before.

MR. FREY: It would seem to me that maybe, possibly, in looking at the problem before your Commission, we have the consumer at one end of the line and the producer of the product at the other end of the line, and we have necessary services in between those two. It does seem to me the most efficient method we can get to render those services is free competition. The more competition in that field, the better. There is this responsibility by the consumer as to what they wish to pay, and if the producers on the other end are able to offer resistance, it puts the obligation of competition on those services in between. It is only fair to assume that in some cases that competition will possibly create a small additional charge, but it is also conceivable that competition in that field will reduce by a greater extent the necessary charges than by which they were increased.



COMMISSIONER DRUMMOND: One of the questions I am interested in is the present -- first of all, what methods are employed now in transporting the hogs from the farms to these assembly points? Are they all by the same truckers as before?

MR. McINNES: Pretty much.

COMMISSIONER DRUMMOND: Essentially?

MR. McINNES: Essentially, yes.

COMMISSIONER DRUMMOND: What is their degree of satisfaction with the status quo?

MR. McINNES: Some of them are happier now because they feel this is a legitimate way of doing business. They didn't like the other because they were forced into it. Others, who grow rich on this money under the table, feel they have been treated unfairly because they cannot continue to get it.

COMMISSIONER DRUMMOND: Has there been any reduction in the total number of transporters?

MR. McINNES: Well, Mr. Boynton has charge of that part of it. Would you say there was, in your opinion, any reduction?

MR. BOYNTON: No, I don't believe there is any great change in the number of transporters. In that connection, though, I believe there has been a tendency for more of the initial pick-up -- the initial assembling at the farm, to be done



by the farmer himself. What percentage we don't know, but there is a certain amount being done because it is closer to the farm to go to the assembly point than it used to be to the distant terminal points. On the total number of transporters, we have no way of knowing, but it seems to be the same, or to be increasing even.

COMMISSIONER DRUMMOND: That is my next question. It has always been the case that a certain percentage of the hogs were transported by the farmers themselves?

MR. BOYNTON: Very few in the past, unless he lived close enough to a packing plant, say, ten or fifteen miles, and it may have been his normal trading centre, and he could load up with hogs and buy feed and supplies and come out again. That has increased considerably with the operation of these marketing plants.

COMMISSIONER DRUMMOND: You would not say that at this present time there are any what you might call pronounced criticisms or objections on the part of the transporters, generally?

MR. McINNES: There is a certain group of so-called transporters that is vigorously opposing this, and others not. What percentage, I don't think we could say.

MR. BOYNTON: Well, the official body of the transporters in Ontario, which is an



affiliate of the national body -- the Automotive Transport Association -- they officially don't condone the operations of the past, and they respect what we are trying to do now; but, there is, we will say, an irresponsible group which is naturally in a minority but, nevertheless, quite vocal and can be heard. That is about the only way we can express it.

COMMISSIONER DRUMMOND: Do you think there are a large number of those in some of the other provinces?

MR. BOYNTON: I don't think we have too much to do, or hear very much from the other provinces on it. We have a few of them, and trading in the Province of Quebec -- or, alleged to be -- but that is only very few -- two or three, or half a dozen at the most.

COMMISSIONER DRUMMOND: In the various forms of criticism offered at various times to your operations, the critics have consisted of three classes, I take it: first, the packers; second, the transporters, and, third, a certain percentage of producers. Could you give us, very briefly, the essence of the criticism of the packers?

MR. McINNES: I would say the packers -- the domestic packers -- we have a letter from them saying they favour our present system; they



have said that openly. The Meat Packers' Council, I understand that they say they are taking a neutral position towards us, but, nevertheless, I quite agree that probably behind the curtain they are putting forth considerable opposition to it. I think their major opposition seems to be based around this argument that they are not getting what they call their proper percentage.

COMMISSIONER DRUMMOND: Well, if they are not getting their proper percentage from Ontario producers, because of your operations, since they operate in other parts of Canada is there any possibility, in your opinion, that they are trying to offset their reduction in receipts or profits from their Ontario operations by making more offers for hogs in provinces where there are no boards?

MR. McINNES: Well, we would not have any definite proof as to that. In talking to some people in some of the other provinces they have probably indicated that might be the case.' As to what extent it is true, we are not in a position to say, but our prices in Ontario in relationship to markets in Western Canada, is better now than it was before our agency started.

COMMISSIONER DRUMMOND: In regard to producers, I know there are some, shall we say, stock objections to your board operations from



certain producers. Apart from the compulsory aspect of the whole thing, is there anything else the producers generally really object to? What are the real objections?

MR. MCINNES: There are some objections from some farmers in regard to hogs unloaded at assembly points, and those drovers opposing this plan are going out and telling them stories about these hogs remaining there four and five hours, and some of them even get as high as three or four days, when, as a matter of fact, it is rarely we have kept a pig overnight. These people that are opposed to the plan, I think they mostly centre around friends of transporters.

MR. BOYNTON: It is pretty difficult to distinguish when a producer's interests are wholly with producing, or may be more so with transporting. Usually, when we trace down a criticism -- and this has happened for the last number of years and has not changed any -- invariably it goes back to either the transporter -- or, the producer is a transporter, or perhaps he is a relative of a transporter who is feeling the pinch from the change. So, it is very difficult for us, or anyone else, I think, to distinguish where the interests change.

MR. AIKEN: Mr. Chairman, in Mr. Boynton speaking on this, I think he is a pretty fair authority on this, because he was field man in



Grey and Bruce counties, and there were complaints coming in before he took over the office staff for the Ontario producers -- complaints put out invariably that a certain producer was complaining, and they wrote in and addressed themselves as a producer, and in his investigation as field man this is what, apparently, he had discovered, and I know in his reporting at that time that is what he told us was happening and that can be substantiated again by our field men in Bruce County now; they find out the same thing, that when they went to investigate the cases the producer opposing it was invariably tied in and had some connection with the industry -- transporting, or some other connection.

COMMISSIONER DRUMMOND: Would there be any cases where a fairly specialized hog producer, living reasonably adjacent to some packing plant, would have been, over the years, in a position where he could have transported his own hogs to that plant, become personally well acquainted with the owner and operator, and developed more or less of a reputation for a particular type of hog, and obtained on occasion, perhaps, a certain premium? Are there many such as that?

MR. BOYNTON: There are a few, and they are all close to Toronto. We don't know how big a number. Where specific producers produce up



to five hundred or one thousand hogs a year, we would not say it is necessarily on a basis of quality. We would say it was quantity and ensuring volume, because a lot of these operators are basing their operations on garbage from the cities. Whether that is a poor quality product or not may raise a controversy in some quarters, but it certainly is, I think, more on the quantity offered and assured than it was on the quality.

MR. FREY: Mr. Chairman, in connection with that question, I think there is a further group, possibly very closely related to that. They are not volume producers, but over the years they have built up an association directly with a certain processing plant, and while it may not have been any more lucrative, there is that personal association, and they more or less feel loath to join the rest of the producers in the Province of Ontario in a common, collective action. That, I believe, has been expressed.

MR. McINNES: I might say, Dr. Drummond, on that point that I recall about a month ago I was talking to one of the men in one of our counties who was quite influential in his county, and he expressed the opinion that the larger feeders were behind our programme -- that is, outside of Toronto, but that out in other districts the larger feeders generally are supporting the programme; but,



it was the men who may be producing five or ten hogs -- it didn't materially affect his income very much, and he heard these stories and so he got stirred up, but the man who really was into it in a businesslike way saw the advantages from being in a bargaining position with salesmen. That was expressed to me, and I don't know whether it was general or not.

COMMISSIONER DRUMMOND: Appreciate the advantage of specialized salesmen?

MR. McINNES: That is right.

COMMISSIONER DRUMMOND: I understand on one or more occasions you, personally, expressed yourself as believing that under certain circumstances it may be possible some time in the future to replace your present set-up of assembly points with the idea of marketing the hogs directly to the plants: under what circumstances would you envisage that?

MR. McINNES: That may be possible. Certainly, it will not be possible until we get away from this practice -- over all thoughts of this previous practice that existed. When we get away from that entirely, it may be possible in certain districts -- not entirely -- but in certain districts it may be possible; that is, while we have studied this method of marketing, before we put it into effect -- and I think we appreciate



this -- there is still possibly a lot to learn, and we progress and try to arrive at still better methods.

THE CHAIRMAN: You conceive it is possible the hogs would be sold on the farm before they arrive at the packing plant?

MR. McINNES: It could be possible. There is one hurdle in that, that we cannot see very well how to get around. In theory it sounds good, and probably it should be, but if you are selling a product you have got to pretty well know how many there are, and when they come out to these yards every half hour or every hour on the teletype system, we do know. If we were selling on the farm we would not know whether there were 33,000 or 35,000.

THE CHAIRMAN: Your teletype would be busier.

MR. McINNES: To put it in each farm -- well . . . It is pretty hard to sell a product unless you have some idea as to how much is coming forth, and, secondly, as to where they are located, because at the present time we are selling them f.o.b. at these assembly points. The transporter buys hogs from the assembly point and he knows what it will cost him to bring them over to his assembly point. For a great many of the hogs, at least, it will be necessary to have them assembled in



some particular location.

COMMISSIONER WALTON: If this legislation is going to hasten the fear you have in your brief of contract production of hogs, do you think the way things are being marketed now through your own different points, which you say benefits . . .

MR. McINNES: Yes.

COMMISSIONER WALTON: But if the large packer is not getting adequate supplies, I would assume he would look elsewhere for them, and this may hasten this contract production?

MR. McINNES: I can see the point of view. I might say this vertical integration is a trend that has been developed in the United States for some little time. Probably the fact that we are selling in this way, and the processor is not one hundred per cent happy -- not all of the larger ones -- maybe they are taking advantage of this trend towards vertical integration more than they would otherwise do, and if they are going to take advantage of vertical integration in order to prevent farmers from having bargaining power, then as much as we do not wish to get into the processing business, we may be forced to. However, I wish to say that as far as we propose to go at the present time, unless we are forced to do otherwise, is merely to be a selling agency. However, if they are going to get around this legislation, we will



take whatever steps are necessary because we think we have a right to sell.

THE CHAIRMAN: Is it your view a large packer could get the quantities if he would bid up the price?

MR. McINNES: Yes.

THE CHAIRMAN: And at some point he cuts out the smaller buyer?

MR. McINNES: That is correct. The price is the only factor that is going to determine who gets the hogs.

COMMISSIONER DRUMMOND: Do you also feel because he is large he claims to be very highly efficient, and if he is so efficient he ought to be able to pay this higher price; is that your reasoning?

MR. McINNES: Well, really we don't know enough about their operations to probably state definitely, but we think if they are large and have a larger volume, and their plants are as efficient as they would lead us to believe, and they have the benefits -- some of the larger ones -- of making better use of the offals than the smaller men, we think they could pay more than the smaller one; but, we can only think in that field; maybe if we knew all of their operations we would not be of that opinion.

COMMISSIONER MacKICHAN: A question



here -- and it is one of those you may answer or not answer: would you give us something of the relative purchasing by the large and small packer in quantities -- the large packer versus what you call the domestic packer?

MR. McINNES: I don't happen to have those figures with me. Would you mind if I dropped you a letter?

COMMISSIONER MacKICHAN: That is all right.

MR. McINNES: I will be very glad to send you a letter.

COMMISSIONER DRUMMOND: Would you also indicate the number of small packers and also the number of the large ones?

MR. McINNES: Yes, we will be glad to do that.

COMMISSIONER MacKICHAN: On page 7, the second paragraph: " . . . the prospect of having our industry too heavily supported . . ." -- and I have inserted the word "financially" between "heavily" and "supported". I was going to say it was refreshing, if not strange, to find a body in this day and age saying they could be too heavily supported by government. Would you feel, connected with such support there is the prospect of domination of some form or other?

MR. McINNES: We think there is danger,



probably, of it developing into that. Maybe this is singular to producers -- farmers and basic producers only. However, it is our opinion that in the long run we are going to get further with our industry than we think other industries will, unless they are prepared to stand on their own feet rather than leaning more and more, as the tendency is, on government support and government assistance -- except in a period of a national calamity or crisis, and we think if we have a proper balance of bargaining power that we will stand on our own feet longer.



COMMISSIONER MacKICHAN: Does the revenue from the hog sales from the marketing agent differ? The reason I am asking this question is that there is a pretty general feeling among the consumers and probably urban consumers particularly that this is a pretty direct charge or at least the major part of it is a direct charge on the federal treasury or the taxpayer, in other words.

MR. McINNES: I am awfully glad you brought that point up because it was only after we finished the brief that the thought came to our mind that it should be in there. The fee that we charge is 40 cents per hog which is a smaller fee than is charged at most public yards across Canada; it is less than one per cent in most cases. Now, that takes care of the selling, takes care of the financing of all these yards; it takes care of bonding the buyers. That is another thing we have as a protection to producers. Before they were not bonded. If they were able to pay they paid. There was some loss, but it was not great, but now we put it on a business basis; that takes care of providing the exchange on all cheques. All cheques are made payable at par. It takes care of the insurance on the hogs at the yards and all these things and it is a smaller fee than prevails at most stock yards across the country.



Now, coming to the feeling that consumers might have that this is an extra charge, I might say that 40 cents is much less than the \$1.50 or \$2.00 that was paid under the table or was unknown to the transporters to keep them away from the market. So, the consumer is benefiting under this set-up to the extent of the other perhaps \$1.00 or \$1.50. The only thing is, it was not known but now it is out in the open.

COMMISSIONER MacKICHAN: Is there an implication that it did not go back to the consumer?

MR. McINNES: Before?

COMMISSIONER MacKICHAN: Yes?

MR. McINNES: It was a cost; I certainly do not think it did.

COMMISSIONER MacKICHAN: One final question: on pages 11, 12 and 13 you enumerate steps for price increases from time to time over the weeks and years, where the agency was getting better prices. Do you think that is going to have any effect on narrowing the spread which we have here, which is our problem? Would you expect that when you succeed in securing a higher price that other costs are going to be even and the spread would be just as wide, or even wider, if we continue to work on a percentage basis? It would, or would it not?

MR. McINNES: I might say it is our opinion that if there was true competition all the way from producer to consumer that that spread



would not be widening. It is widening today because people in the trade have found ways and means of eliminating competition, and if there was true competition there is no occasion for the spread being widened to the extent that it is. That is our opinion.

COMMISSIONER DRUMMOND: Would you say if there was true competition as you define it that they would not be able to take their margin as a percentage of costs?

MR. McINNES: That is right.

COMMISSIONER DRUMMOND: That is your point?

MR. McINNES: Yes, that is our figure.

MR. BOYNTON: As a point of illustration to members of the Commission, perhaps I could give this illustration: a visitor at one of our meetings last year who operates a small grocery store, one of those corners out in the country, not a village, but a wide spot in the road, and he said whereas before he had salesmen from maybe one or two packing plants trying to push sales of meat, now he is in the happy situation of having eight or nine salesmen trying to push the meat. We feel quite happy about that. It looks as though there was more selling done at the other end.

MR. McINNES: More competition.

COMMISSIONER MacKICHAN: I will have to



revise my thinking again because I have one more question.

On the last page of the conclusions here, or summaries, you are suggesting a set mark-up for the handling of pork products at the retail level, and it is also down in Item C again?

MR. McINNES: Yes.

COMMISSIONER MacKICHAN: Now, are you envisioning a return to price control here?

MR. McINNES: Probably we have not expressed ourselves as clearly in that as we had intended but we are not thinking of that being done by legislation. We were thinking when we prepared this of creating public opinion that would not allow this kind of thing to go on. If the consumer, the public in general, is well enough informed as to what is a reasonable spread then I do not think they will tolerate this kind of thing. What we have in mind is, if the Commission could determine what was a reasonable spread and inform the public what in their opinion was a reasonable spread then the public could not be taken advantage of. This is not by legislation, but rather by recommendation and publicity.

COMMISSIONER MacKICHAN: A long, educational process?

MR. McINNES: Well, perhaps legislation would be necessary there, but we were not



thinking of returning to fixed spreads.

COMMISSIONER WALTON: Would you not have to do it for all products? Your beef competes with bacon, and you would have to do it for lamb?

MR. McINNES: Of course, we were dealing with hogs, and I think the sooner the general public realizes what is a reasonable spread on all products the better it will be for the industry. Education, knowledge of facts in regard to price spreads -- I think everybody should be better informed.

COMMISSIONER DRUMMOND: No further suggestions as to how the word "reasonable" should be defined?

MR. McINNES: On that, the other night in the Chicago Drovers Journal, at the bottom there was just a few words, "Be reasonable, do it the way I want to". I do not say that is a correct definition of "reasonable". Probably we should have used the word "fair".

COMMISSIONER DRUMMOND: Just one question, and I think I will try and confine it to this: up to this time your principal objection is to bringing about what you call more complete competition and thereby bringing about a more satisfactory producer price?

MR. McINNES: That is right.



COMMISSIONER DRUMMOND: Have you any thought as to how the buyers' operations might have some effect on the cost of marketing apart from the influence they may have on the producer price -- such things as transportation, shrinkage -- such things as that?

MR. McINNES: Well, in regard to transportation we have never participated in trying to determine the transportation price from farm to assembly point. Arrangements are made as to the transportation costs from a given assembly point to a given processor. That is determined by discussions between our sales board.

Now, in regard to other marketing costs, I confess that we have not gone into that field very far in a concrete way. We have given some thought to it but ---

COMMISSIONER DRUMMOND: What I was thinking of was what effect so far have your operations had on the average distance the unit is actually transported to market, that sort of thing, and the effect of that in turn on the extent of shrinkage and so on?

MR. McINNES: Well, on the point of shrinkage, that is one advantage of having these yards. In that way we can weigh each lot of hogs as they go out to a processor and we check when their returns come back on to the dressing



percentages, and we found that has been very helpful to the producer.

Now, in regard to distance they travel, all we have done is make these yards available, the sixteen, and finally twenty, over the province, making them available and we hope each producer will see to it that his drover or transporter will take him to the yard that is closest to his place. We have found in some cases, rumours or reports of the yard transporter taking them away a longer distance, so they finally back-track and we have been able to cut out some of it, but it is like other practices that are not quite on the level; probably it is sometimes difficult to cure. However, that kind of thing developed, or existed, before we started, to some extent. That does not excuse the practice for continuing, but I might say we are studying that and trying to keep it out.

COMMISSIONER DRUMMOND: Since the buyer now has to pay the cost of transportation from the assembly point to his plant, have you noticed because of that any inclination on his part to buy the hogs as near to his plant as he can?

MR. McINNES: Naturally, he will get what he can as close as he can and then the others he will get further away, but this resulted



in -- I don't say resulted, whether this caused this or not, but the fact does remain that hogs that are now being assembled at Barrie or Chatham and so forth, we get just as high or a higher price as we formerly got for the hogs that were in Toronto.

MR. BOYNTON: I suppose another illustration of an inefficiency that we think we can agree we have eliminated is the case where one packing plant got loaded up with hogs under the old system and found he could not kill them all, and moved them on to another plant. Obviously, this holding and transporting was an inefficiency which resulted from that situation.

MR. McINNES: We will be glad to get that other information out to you in regard to the percentages.

THE CHAIRMAN: Mr. McInnes, we do not usually keep witnesses talking for over two hours without a break, and we have given you rather a rough treatment this afternoon. However, we are very grateful to you for your courtesy in the way you have answered the questions.

COMMISSIONER DRUMMOND: I will be held completely responsible.

THE CHAIRMAN: I would like to thank Dr. Drummond on behalf of his colleagues for following through on this line of questioning because it has been extremely helpful to us in view of the



operations. I would like to thank you and all the gentlemen who came with you today.

We have one other witness to be heard, but we will break now for a few minutes.

---Short recess.



Submission of
KARPMAN-YAPHE FRUIT WHOLESALERS
MONTREAL

Appearances:

Mr. Shemon Yaphe

THE CHAIRMAN: We have with us Mr. Yaphe of Karpman-Yaphe. Mr. Yaphe, I understand your firm is in the fruit and vegetable wholesale business in Montreal?

MR. YAPHE: That is right.

THE CHAIRMAN: And you have some things to say to us, particularly with reference to marketing?

MR. YAPHE: Yes.

THE CHAIRMAN: Would you proceed now?

MR. YAPHE: Mr. Chairman, you will have to excuse my attire because I am working. The main thing I came up here today for was to explain to you the chain stores' method of merchandising. They use fresh fruit and vegetables as their increase in their profits. They will take -- I can give you exact price of what is going on so you will understand the situation. Potatoes arrive from New Brunswick in Montreal costing 19 cents per ten pounds. For the last three weeks chain stores have been selling these at 39 cents and 49



cents for ten pounds. Potatoes hit a low in this province of 75 cents a bag. Chain stores never diverted from the 39-cent to 49-cent price they were selling at, where the independent stores were selling at 19 to 29 cents.

Another item such as onions, they hit two pounds for 25 cents, which the cost to chain stores is 5 cents a pound, including their waste. Carrots are being sold for 15 cents a pound or two pounds for 15 cents, if it is on special, and the cost to the chain stores is around $2\frac{1}{2}$ cents per pound, two pounds for 5 cents.

The profit on these essentials of life which a woman, when she goes to shop, must buy -- potatoes, carrots, onions, tomatoes, lettuce, things like that -- and they take 100 per cent mark-up on these to offset their loss leaders.

To explain that to you I can just go by my own personal business. We sell approximately eight cars of potatoes a week out of New Brunswick; we sell four cars of 50-pounders and four cars of 10-pounders. That is 3600 bags of 50-pounders to 18,000 bags of 10-pounders, to sell at five to one. Their sales would be a little higher because a woman will not carry so much out of a chain store in a 50-pound bag because of the delivery end of it. It must be around seven to one.

When they came out two weeks ago with a price of 83 cents for 50 pounds of potatoes the



cost laid down in Montreal was no more than 80 cents to 82 cents. They could not come out with a price like that. The market was just ready to take off, to advance about 10 cents or 15 cents, which would have helped the shipper, the farmer, in New Brunswick considerably, because you know 80 cents for a 50-pound bag of potatoes delivered into Montreal is not very much money for the farmer. Take the empty bag off that, which is around 12 cents; take the freight off that, which is 25 cents; take the brokerage, which is 2 cents, and the handling and the grading, and everything, for those potatoes and the farmer is left with approximately 35 cents. The chain store profit after they took everything off -- they were selling their potatoes at 39 cents per 10 pounds which was a low, because they raised it to 49 cents that week, still having a 50 per cent profit on their potatoes.

The public does not know how the chain stores are merchandising. They think it is smart for the simple reason that two and two makes four and one and three makes four. As long as a woman is in the chain store is all that matters. How do they get her in the store? They start off early in the morning with a news broadcast saying that potatoes will be 83 cents today. At noon she reads the noon paper and the chain store has its price at 83 cents. She goes out shopping; his



windows are plastered with that 83 cents. That woman goes to buy potatoes off him. We are buying the same quantity as he is and we have to charge 90 cents because our cost of operation is 8 per cent. He sells potatoes for 99 cents. The woman walks into the store. She says, "How much are your potatoes?" And he says, "Ninety-nine cents." She tells him it is only 83 cents in the chain store and she is beat before she starts because she won't shop in the independent store. Now, she does not want 50 pounds of potatoes because most of the people living in Montreal and vicinity are living in small apartments, small flats, small families; they only want ten pounds. She goes home to her husband and says, "We have to go to the chain stores to do our shopping this week end for the simple reason my independent grocer is robbing me of about 20 per cent of my merchandise." She has taken that one thing. She walks into the chain store and does not buy 50 pounds of potatoes but 10 pounds at 39 cents or 49 cents, paying him 100 per cent for his merchandise. If chain stores want to make 100 per cent on merchandise the public has to know about these things, and the public definitely has to know how they are being robbed -- the word is robbed -- because when a man operates on a 100 per cent or 150 per cent profit on merchandise,



which is necessary for the life of children and families, I think he is robbing the public because he has no right whatsoever to charge those exorbitant profits for produce.

THE CHAIRMAN: Mr. Yaphe, let me pick up this case of the potatoes: you mentioned that recently potatoes were selling -- New Brunswick potatoes were coming in at 19 cents a pound?

MR. YAPHE: Nineteen cents for ten pounds delivered into Montreal, freight and everything paid.

THE CHAIRMAN: And you would be buying potatoes at that price?

MR. YAPHE: We were buying potatoes at that price, yes, and chain stores were buying them also at that price.

THE CHAIRMAN: What was the date of this price?

MR. YAPHE: The last three or four weeks the market has not fluctuated; it has only gone up one cent since then. If they want to charge these exorbitant prices the public should know all these things because they give the groceries away at a 10 per cent profit and they have to go back on something, and what they come back on is fresh fruit and vegetables. We have a bumper crop of apples in the Province of Quebec and you do not see any chain store giving away apples. The



price of apples today is \$1.00 to \$1.25 for 40 pounds of the finest apples in the world. I say Quebec has the finest apples in the world; I am not prejudiced, but we have the finest McIntosh apples in the world. These apples go to South America, Venezuela, and we get a good price for our apples in any part of Canada or the United States because in New York when they read in the papers when they come to the Province of Quebec, price for price, Quebec apples will get preference, so we must have the merchandise.

This merchandise costs \$1.00 to \$1.25, which is around three cents a pound. Add another cent a pound for waste, 4 cents a pound, and the public is not getting the benefit of these low-priced apples; they are being sold at five pounds for 39 cents and 49 cents, which takes it out of the reach of the woman shopper. She can buy five pounds of apples but if she could get ten pounds for the same price the kiddies would get that much more; if she could get 20 pounds of potatoes she could buy another head of lettuce, get a few extra cents for shopping. Instead of that she is being robbed of her extra few dollars that way.

THE CHAIRMAN: Going back to the price of potatoes again, the figures which I think you gave us were, at this time the independents were



offering 50-pound bags at 99 cents, or about that figure?

MR. YAPHE: That is right.

THE CHAIRMAN: Whereas they would buy potatoes in the chain stores at 83 cents?

MR. YAPHE: Yes.

THE CHAIRMAN: Now, you gave us a figure, I think of 39 cents for 10 pounds?

MR. YAPHE: That is right.

THE CHAIRMAN: In the chain store. What was the corresponding 10-pound price in the independent store?

MR. YAPHE: About 29 cents.

THE CHAIRMAN: Now, how are the potatoes packaged when they come from New Brunswick -- in 50-pound bags?

MR. YAPHE: Fifty-pound containers, yes.

THE CHAIRMAN: I take it that neither from the chain store or the independent do many buyers take 50-pound bags; is that right?

MR. YAPHE: Well, you get it in the poorer sections where they sell a certain amount of 50-pound bags, but the average people living in a four or five-roomed apartment, the woman cannot bring home 50 pounds of potatoes because it would clutter up her cupboards; she cannot put them out because of the climate, they would get frozen or wet, so she buys 10 pounds when she



goes out, but they have no reason to rob the people with these small containers.

THE CHAIRMAN: Now, in the independent store at 29 cents for 10 pounds, is this packaged?

MR. YAPHE: Packaged, yes.

THE CHAIRMAN: Washed?

MR. YAPHE: No, in the province of Quebec we sell very little washed potatoes.

THE CHAIRMAN: I just wanted to make sure that the 29 cents --- ?

MR. YAPHE: In the chain stores the washed potatoes sell for 5 pounds for 35 cents or 10 pounds for 59 cents. We are not talking about washed potatoes because there is an extra process to that. We understand that. There is a little bit of manufacturing that is done. They have to add a powder to keep the potato from turning green, but that is an extra. We are just talking about ordinary labour that they have nothing to do with whatsoever. The farmer and shipper in New Brunswick are the ones who are suffering from it. The economy of that province depends upon us here to help them out. I understand a little of the economy of Canada, that we can absorb around 5 per cent; we have to export around 95 per cent in order to keep on the right side. All the same, I think we can do a little better to help the farmer out.



THE CHAIRMAN: On these days you are referring to when the price in the independent store was 29 cents in a 10-pound lot and in the chain store, 39 cents, were the two lots identical? I mean, you are talking about the same kind of potatoes?

MR. YAPHE: Yes, Canadian, Grade No. 1, the same kind -- any varieties, No. 1 varieties, top quality varieties, were bought for 19 cents in New Brunswick, 19 cents delivered into Montreal.

THE CHAIRMAN: And when the independent sold 10 pounds for 29 cents?

MR. YAPHE: The same variety.

THE CHAIRMAN: And the chain store sold 10 pounds for 39 cents; were those ten pounds comparable potatoes?

MR. YAPHE: I don't quite get you.

THE CHAIRMAN: Well, are we talking about the price of the same thing?

MR. YAPHE: They are exactly the same potatoes. The potatoes could have come from my warehouse or another warehouse; they were exactly the same potatoes.

THE CHAIRMAN: No differently wrapped?

MR. YAPHE: No.

THE CHAIRMAN: And no differently bagged?

MR. YAPHE: No, no difference.

COMMISSIONER DRUMMOND: Is this an



exceptional state of affairs?

MR. YAPHE: No, this was going on for a good number of years, and it is reaching a stage now where the local farmer -- we are having this trouble with our local farmer. I am one of the two wholesalers in this city who deals with local farmers, myself, and Courchesne-Larose. We sell local farm products when it comes into abundance during the middle of July to around the 1st of September. The public does not get the benefit of that; the public does not get the benefit of these low prices which the farmer is getting for his produce. The chain stores are absorbing that. If their sales drop off they increase their profit in order to offset this drop in sales in the summer months, and they use fresh fruit and vegetables to offset their loss leaders. If they put out a loss leader on something they automatically raise the price of fresh fruit and vegetables because they cannot raise the price of Clover Leaf salmon or Heinz ketchup or Salada tea because the average housewife that goes into the store knows it costs so much for that article, but they can raise the fresh fruit and vegetables, which is not fair when a man is operating on a 100 per cent or 150 per cent on fresh fruit and vegetables which are necessary for the life of the human being. They are not very fair.



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COMMISSIONER DRUMMOND: Those, I understand, are packed in tens?

MR. YAPHE: All these potatoes are packed in New Brunswick, and nine cases out of ten the shipper in New Brunswick has bought these potatoes from a farmer and he has given him back a dollar or a dollar and a quarter a barrel for them and taken all the culls out of them. He has graded them and taken all the culls out of them, paying for the loading, paying for the cars and paying for the transportation.

COMMISSIONER DRUMMOND: Are you actually objecting to the loss leader policy?

MR. YAPHE: No, I am not objecting to the loss leader policy at all. Competition is the basis of business. I cannot sell below a certain cost in order to hurt your neighbour; there is a law to that effect, but competition is the basis of business. If we had no competition we would have no business; we would be stale, and if I didn't have somebody there who was selling a little cheaper than me, I wouldn't know what to do with myself.

But let's have fair competition.

COMMISSIONER DRUMMOND: By competition you would mean competition that wouldn't mean involve the law?

MR. YAPHE: No, but let them absorb the



loss leaders. They have the idea that two and one is four, but two and two is also four. I wish I could have brought that article up to you from the packers. They had their convention of all the chain stores in the United States, and the way it comes out is, "Boys, let's get on the band wagon, which is fresh fruits and vegetables, because there we have a 34 per cent to 36 per cent net profit."

Now, if they have that on fruits and vegetables, it shows they are operating on 75 per cent to 100 per cent in order to make it down to that.

I think the farmer as well deserves a certain amount of protection. If the merchandise is sold at a reduced price, the public should get the value of that, not the chain stores.

COMMISSIONER WALTON: As a wholesaler of local produce, locally grown, you gave the instance of apples and carrots and others, and you sell to independents?

MR. YAPHE: That is right.

COMMISSIONER WALTON: Do they make available what you call a more reasonable price season or are they not sufficient in their volume?

MR. YAPHE: They are sufficient in their volume, but the main thing is that chain stores offset -- set the price with these loss



leaders. Now, once a woman has walked into a chain store she forgets all the prices; the thing is so beautiful, everything is so well placed, that she just walks around with her basket. She has gone down to an independent store to buy her half a dozen of beer, and she may like that butcher and the way he cuts the meat. She will buy her meat and her beer and she will shop for this one item which is in her mind, because it has been driven into her with the ad in the newspaper, the ad in the television, and she is bound to ask the price of that article, and when she walks into the store she says, "My God, I am paying dear down here." That's why there are these loss leaders; that is to bring the woman into the store, but once she is in the store these things are out of line. But not in the grocer, not the grocer; a woman knows her prices, and when a sale comes down she knows she is getting a definite amount. But their business is strictly on figures, but they take advantage of the farmers' produce in order to offset all their loss leaders, and the farmer is the one who is suffering from that.

COMMISSIONER DRUMMOND: Do you think that this may result in a lower average price to the farmer?

MR. YAPHE: If there were a few articles brought out in magazines -- it would require somebody



who was able to write -- a few articles in some of our popular magazines to explain to the woman how she is shopping and how poorly she is shopping. She should watch these articles in the chain stores. If she paid 29 cents for potatoes at the week end and she walks in and she finds she is paying 49 cents, they are just taking advantage of her pocket-book.

COMMISSIONER DRUMMOND: But by definition a loss leader surely means that the party who is charging this price is bearing the loss, not the farmer?

MR. YAPHE: But what they do is tack it onto something else. If they were to sell potatoes at 29 cents instead of jacking it up to 49 cents when the woman is in the store. I have seen lettuce that was bought in Montreal at 75 cents a case and sold for 29 cents in the chain store each, practically right through the summer. It is just taking advantage of the situation, and they are taking advantage of the farmers' produce.

COMMISSIONER COUVRETTE: What you actually suggest, Mr. Yaphe, is that the power of publicity can be so big that it can completely create in the public mind complete distortion of the real facts. That is the whole suggestion of you ---

MR. YAPHE: That is right, but they are



taking advantage of the housewife, and they are getting stronger every day. There is one chain store, and I think they did \$150 million last year; they expect to increase their volume to \$155 million. Well, they are taking that business away from the small stores. The idea is that the public should be made aware of their tactics, how these loss leaders are affecting them, and it would require for the Commission to ask somebody to encourage somebody to write an article, encouraging the women how to shop, how to watch definite things; if potatoes are brought out at 83 cents, to multiply that by five and to go over to the manager of that store and to ask him why it is only 17 cents in a container five times the size, and why you have it out at 39 cents or 49 cents now, and these articles will encourage the people. They have price lists every night in the paper. We have one item now; we are importing cranberries out of the United States, and we bought some from Ocean Spray Company, and the chain stores come out at 17 cents a package, which is just cost price. It has nothing to do with it, but it is to bring the woman into the store. The same thing with turkey; the woman is brought into the store and they put up the price on other articles.

We could talk about Casaba melons. It



is no difference if you are paying a dollar or a dollar twenty-nine cents for it.

THE CHAIRMAN: Thank you. I think we get the point.

MR. YAPHE: It is getting very, very serious. In the City of Montreal it is very, very serious, because with this market, the market has not been able to come back the last three weeks. We would have had a market down there of \$1.00, \$1.15, if these chain store tactics didn't come along.

THE CHAIRMAN: The Commission will open in Ottawa on November 12th.

---Whereupon, at 4.20 p.m. the Commission adjourned until Wednesday, November 12th, 1958, in Ottawa, Ontario.

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